

PRA RULEBOOK: PRA (RULES APPLYING TO HOLDING COMPANIES) INSTRUMENT 2021

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
 - (2) section 137T (General supplementary powers); and
 - (3) section 192XA (Rules applying to holding companies).
- B. The rule-making powers referred to above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.
- C. In accordance with sections 144C(3) of the Act the PRA has consulted the Treasury about the likely effect of the rules on relevant equivalence decisions within the meaning of section 144C(4) of the Act.

Pre-conditions to making

- D. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of the proposed rules and had regard to representations made.

PRA Rulebook: PRA (Rules applying to holding companies) Instrument 2021

- E. The PRA makes the rules in the Annexes to this instrument.

Annex	Title
A	Amendments to the Glossary Part
B	Amendments to the Capital Buffers Part
C	Amendments to the Counterparty Credit Risk Part
D	Amendments to the Credit Risk Part
E	Amendments to the Definition of Capital Part
F	Amendments to the Groups Part
G	Amendments to the Interpretation Part
H	Amendments to the Large Exposures Part
I	Amendments to the Liquidity Coverage Requirement - UK Designated Investment Firms Part
J	Amendments to the Market Risk Part
K	Amendments to the Notifications Part
L	Amendments to the Permissions Part

M	Amendments to the Record Keeping Part
N	Amendments to the Regulatory Reporting Part
O	Amendments to the Related Party Transaction Risk Part
P	Amendments to the Reporting Pillar 2 Part
Q	Amendments to the Use of Skilled Persons Part

Commencement

- F. This instrument comes into force on [x] except rule 4.1 in Annex F (Groups) which comes into force on 1 January 2022.

Citation

- G. This instrument may be cited as the PRA Rulebook: PRA (Rules applying to holding companies) Instrument 2021.

By order of the Prudential Regulation Committee

[DATE]

Draft for consultation

Annex A

Amendments to the Glossary

In this Annex new text is underlined and deleted text is struck through.

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[CRR consolidation entity

means a UK parent institution, a PRA approved parent holding company, a PRA designated parent holding company or a PRA designated institution.]¹

...

Draft for consultation

¹ This definition was consulted on as part of CP5/21 - Implementation of Basel standards

Annex B

Amendments to the Capital Buffers Part

In this Annex new text is underlined and deleted text is struck through.

1 APPLICATION AND DEFINITIONS

1.1 This Part, ~~save for Chapter 4,~~ applies to *Article 109 undertakings* and references to a *firm* in Chapters 2-~~34~~ should, as appropriate, be read to include all *Article 109 undertakings*.

1.1A ~~[deleted.] Chapter 4 applies to every firm that is a CRR firm.~~

...

Draft for consultation

Annex C

Amendments to the Counterparty Credit Risk Part

In this Annex new text is underlined and deleted text is struck through.

1 APPLICATION AND DEFINITIONS

1.1 This Part applies to:

(1) every firm that is a CRR firm; and

(2) a CRR consolidation entity.

1.1A (1) A firm must comply with this Part on an individual basis.

(2) A CRR consolidation entity must comply with this Part on a consolidated basis, and for this purpose, references to a firm in this Part (other than in 1.1 and 1.1A) mean a CRR consolidation entity.

...

Draft for consultation

Annex D

Amendments to the Credit Risk Part

In this Annex new text is underlined and deleted text is struck through.

1 APPLICATION AND DEFINITIONS

1.1 This Part applies to:

(1) every firm that is a CRR firm; and

(2) a CRR consolidation entity.

1.1A (1) A firm must comply with this Part on an individual basis.

(2) A CRR consolidation entity must comply with this Part on a consolidated basis, and for this purpose, references to a firm in this Part (other than in 1.1 and 1.1A) mean a CRR consolidation entity.

...

Annex E

Amendments to the Definition Of Capital Part

In this Annex new text is underlined and deleted text is struck through.

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

- (1) every *firm* that is a *CRR firm*; and
- (2) a *CRR consolidation entity*.

1.1A (1) A *CRR firm* must comply with this Part on an individual basis and as applicable on a *sub-consolidated basis*.

- (2) A *CRR consolidation entity* must comply with this Part (other than Chapter 2) on a *consolidated basis* and for this purpose, references to a *firm* in this Part (other than in 1.1 and 1.1A) mean a *CRR consolidation entity*.

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7D. FURTHER NOTIFICATIONS ETC.

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7D.3 (1) The Pre/Post Issuance Notification (PIN) Form can be found **here**.

- (2) The CET1 Compliance Template can be found **here**.

(3) Where in compliance with this chapter a *CRR consolidation entity* provides the *PRA* with a notification or other information a *firm* shall not be required to provide the same notification or information on an individual basis.

Annex F

Amendments to the Groups Part

In this Annex new text is underlined and deleted text is struck through.

Part

Groups

Chapter content

...

4. SCOPE OF PRUDENTIAL CONSOLIDATION

1 APPLICATION AND DEFINITIONS

1.1 ~~This~~ Unless otherwise stated, this Part applies to:

- (1) every firm that is a CRR firm; and
- (2) a CRR consolidation entity.

2 METHODS OF PRUDENTIAL CONSOLIDATION

2.1 (1) In carrying out the calculations in ~~(Part One, Title II, Chapter 2 of the CRR)~~ for the purposes of prudential consolidation, a CRR consolidation entity~~firm~~ must include the relevant proportion of an undertaking with whom it has:

- (a) a *common management relationship*; or
- (b) an *Article 18(6) relationship*.

(2) In 2.1(1), the relevant proportion is such proportion (if any) as stated in a requirement imposed on the CRR consolidation entity~~firm~~ in accordance with section 55M of *FSMA* or section 192C of *FSMA*, as the case may be.

2.2 In carrying out the calculations in Part One, Title II, Chapter 2 of the *CRR* for the purposes of prudential consolidation, a CRR consolidation entity~~firm~~ (for which the *PRA* is the *consolidating supervisor*) must carry out a proportional consolidation according to the share of capital held of *participations* in *institutions* and *financial institutions* managed by an undertaking included in the consolidation together with one or more undertakings not included in the consolidation, where those undertakings' liability is limited to the share of capital they hold.

2.3 In carrying out the calculations in Part One, Title II, Chapter 2 of the *CRR* for the purposes of prudential consolidation, a CRR consolidation entity~~firm~~ must carry out a proportional consolidation according to the share of capital held of any undertaking with whom it has an *Article 18(5) relationship*.

...

4 SCOPE OF PRUDENTIAL CONSOLIDATION

4.1 *A CRR consolidation entity must notify the PRA as soon as possible if it excludes a subsidiary or undertaking in which it has a participation from its consolidation group under the discretion in Article 19(1) of the CRR.*

Draft for consultation

Annex G

Amendments to the Interpretation Part

In this Annex new text is underlined and deleted text is struck through.

1 APPLICATION

1.1 Unless otherwise stated, this Part applies to:

- (1) a *firm*;
- (2) a qualifying parent undertaking as defined in section 192B of *FSMA*; ~~and~~
- (3) a body corporate falling within section 192JA(2) of *FSMA*;
- (4) a *PRA approved parent holding company*; and
- (5) a *PRA designated parent holding company*.

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Draft for consultation

Annex H

Amendments to the Large Exposures Part

In this Annex new text is underlined and deleted text is struck through.

1 APPLICATION AND DEFINITIONS

1.1 This Part applies to:

(1) every firm that is a CRR firm; and

(2) a CRR consolidation entity.

1.1A (1) a firm must comply with this Part on an individual basis.

(2) a CRR consolidation entity must comply with this Part on a consolidated basis, and for this purpose, references to a firm in this Part (other than in 1.1 and 1.1A) mean a CRR consolidation entity.

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Draft for consultation

Annex I

Amendments to the Liquidity Coverage Requirement – UK Designated Investment Firms Part

In this Annex new text is underlined and deleted text is struck through.

1 APPLICATIONS AND DEFINITIONS

1.1 This Part applies to:

(1) every firm that is a UK designated investment firm; and

(2) a CRR consolidation entity.

...

4 APPLICATION OF THIS PART ON AN INDIVIDUAL BASIS AND A CONSOLIDATED BASIS

...

4.2 ~~A firm CRR consolidated entity which is a UK parent institution~~ must comply with this Part on the basis of its *consolidated situation*.

4.3 ~~[deleted]A firm controlled by a UK parent financial holding company or by a UK parent mixed financial holding company must comply with this Part 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 that is supervised under the CRD; and~~

~~(2) the PRA is responsible for the supervision of the UK designated investment firm on a consolidated basis.~~

4.4 If this Part applies to a *firm* or a *CRR consolidation entity* on a *consolidated basis* or on a *sub-consolidated basis*, ~~the firm~~ it must carry out consolidation to the same extent and in the same manner as it is required to comply with the obligations laid down in Part Six of the CRR on a *consolidated basis* or *sub-consolidated basis*.

Annex J

Amendments to the Market Risk Part

In this Annex new text is underlined and deleted text is struck through.

1 APPLICATION AND DEFINITIONS

1.1 This Part applies to:

(1) every firm that is a CRR firm; and

(2) a CRR consolidation entity.

1.1A (1) a firm must comply with this Part on an individual basis.

(2) a CRR consolidation entity must comply with this Part on a consolidated basis, and for this purpose, references to a firm in this Part (other than in 1.1 and 1.1A) mean a CRR consolidation entity.

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Draft for consultation

Annex K

Amendments to the Notifications Part

In this Annex new text is underlined and deleted text is struck through.

1 APPLICATION AND DEFINITIONS

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1A (1) Chapter 5 of this Part shall apply to a *CRR consolidation entity* and for this purpose references to a *firm* in this Part mean a *CRR consolidation entity*.

(2) Chapter 2, rule 2.3(4), shall also apply to a *CRR consolidation entity*.

...

2 GENERAL NOTIFICATION REQUIREMENTS

...

2.3 A *firm* must give the *PRA* notice of:

...

(3) any action which a *firm* proposes to take which would result in a material change in its capital adequacy or solvency, including, but not limited to:

...

(c) ~~[deleted] for firms which are subject to consolidated financial supervision, any proposal under which another group member may be considering such an action; or~~

...

(4) any action which a *CRR consolidation entity* or other *group member* proposes to take which would result in a material change in the *group's* capital adequacy or solvency, including, but not limited to:

(a) any action which would result in a material change in the *group's* financial resources or financial resources requirement;

(b) a material change resulting from the payment of a special or unusual dividend or the repayment of share capital or a subordinated loan; or

(c) significant trading or non-trading losses of the *group* (whether recognised or unrecognised).

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Annex L

Amendments to the Permissions Part

In this Annex new text is underlined and deleted text is struck through.

1 APPLICATION AND DEFINITIONS

1.1 This Part applies to:

- (1) every *firm* that is a *CRR firm*; and
- (2) a CRR consolidation entity.

1.1A ~~A CRR consolidation entity must comply with this Part in respect of a CRR permission that applies on a consolidated basis and for this purpose, references to a firm in this Part (other than in 1.1 and 1.1A) mean a CRR consolidation entity.~~

...

Draft for consultation

Annex M

Amendments to the Record Keeping Part

In this Annex new text is underlined and deleted text is struck through.

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

(1) every firm that is a CRR firm; and

(2) a CRR consolidation entity.

...

1.1B (1) A firm must comply with this Part on an individual basis.

(2) A CRR consolidation entity must arrange for orderly records to be kept relating to the consolidated situation of the group, and for this purpose, references to a firm in this Part (other than in 1.1 and 1.1B) mean a CRR consolidation entity.

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Draft for consultation

Annex N

Amendments to the Regulatory Reporting Part

In this Annex new text is underlined and deleted text is struck through.

1 APPLICATIONS AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

(1) every firm permitted to carry on the regulated activities listed in column (1) of the table in 6.1; and

(2) a CRR consolidation entity.

1.1A Where this Part requires a data item to be submitted on a consolidated or sub-consolidated basis the CRR consolidation entity must comply with it on that basis and for this purpose, references to a firm in this Part, other than in 1.1(1), mean a CRR consolidation entity.

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Draft for consultation

Annex O

Amendments to the Related Party Transaction Risk Part

In this Annex new text is underlined and deleted text is struck through.

1 APPLICATION AND DEFINITIONS

1.1 This Part applies to:

- (1) a *UK bank*;
- (2) a *building society*; ~~and~~
- (3) an *overseas firm* that:
 - (a) [deleted.]
 - (b) has a *Part 4A permission* that includes permission to carry out ~~accepting deposits~~; and
- (4) a *CRR consolidation entity* as if it were a *firm*.

Draft for consultation

Annex P

Amendments to the Reporting Pillar 2 Part

In this Annex new text is underlined and deleted text is struck through.

1 APPLICATION AND DEFINITIONS

1.1 This Part applies to:

- (1) every firm that is a CRR firm; and
- (2) a CRR consolidation entity.

...

1.4 ~~[deleted.] A firm which is a UK parent institution must comply with this Part on a consolidated basis.~~

1.5 ~~[deleted.] A firm controlled by a UK parent financial holding company or a UK parent mixed financial holding company must comply with this Part on the basis of the consolidated situation of that holding company, if the PRA is responsible for supervision of the firm on a consolidated basis.~~

1.5A A CRR consolidation entity must comply with this Part on a consolidated basis, and for that purpose, references to a firm in this Part (other than in 1.1 and 1.5A) mean a CRR consolidation entity.

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Annex Q

Amendments to the Use of Skilled Persons Part

In this Annex new text is underlined and deleted text is struck through.

1 APPLICATION AND DEFINITIONS

1.1 This part applies to:

(1) all firms; and

(2) a CRR consolidation entity as if it were a firm.

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Draft for consultation