

# Bank of England PRA

This document contains the proposed changes to Annex XI 'Reporting on Leverage'. Changes are shown in red relative to the existing instructions in Annex XI, with strikethrough (deletions) and underline (additions).

## ANNEX XI

### REPORTING ON LEVERAGE

...

#### PART I: GENERAL INSTRUCTIONS

...

8. For the purposes of this annex and related templates the following abbreviations are used:

...

(h) SDDT as defined in Rule 3.1 of the SDDT Regime - General Application Part of the PRA Rulebook.

(i) SDDT method, referring to the method of calculating the exposure value of derivatives as set out in paragraph 6(b) of Article 429c of Chapter 3 of the Leverage Ratio (CRR) Part of the PRA Rulebook.

...

#### PART II: TEMPLATE RELATED INSTRUCTIONS

...

6. Where the derivative exposure measure is equal to:

$$\{ \{ \text{LRCalc};0061;0010 \} + \{ \text{LRCalc};0065;0010 \} + \{ \text{LRCalc};0071;0010 \} + \{ \text{LRCalc};0081;0010 \} + \{ \text{LRCalc};0091;0010 \} + \{ \text{LRCalc};0092;0010 \} + \{ \text{LRCalc};0093;0010 \} + \{ \text{LRCalc};0101;0010 \} + \{ \text{LRCalc};0102;0010 \} + \{ \text{LRCalc};0103;0010 \} + \{ \text{LRCalc};0104;0010 \} + \text{LRCalc};0110;0010 \} + \{ \text{LRCalc};0120;0010 \} + \underline{\{ \text{LRCalc};0121;0010 \}} + \{ \text{LRCalc}; 0130;0010 \} + \{ \text{LRCalc};0140;0010 \} \}$$

...

#### 3. LV 47.00 – Leverage ratio calculation (LRCalc)

...

19b. SDDTs and, if relevant, SDDT consolidation entities are not required to report derivative exposures under the SA-CCR, simplified standardised approach or original exposure method in the following:

# Bank of England PRA

[{LRCalc:0061;0010}](#), [{LRCalc:0065;0010}](#), [{LRCalc:0071;0010}](#), [{LRCalc:0081;0010}](#),  
[{LRCalc:0091;0010}](#), [{LRCalc:0092;0010}](#), [{LRCalc:0093;0010}](#), [{LRCalc:0101;0010}](#),  
[{LRCalc:0102;0010}](#), [{LRCalc:0103;0010}](#), [{LRCalc:0104;0010}](#), [{LRCalc:0110;0010}](#),  
[{LRCalc:0120;0010}](#), [{LRCalc:0200;0010}](#), [{LRCalc:0210;0010}](#), [{LRCalc:0220;0010}](#).  
 Instead, these firms are required to report derivative exposures under the method in  
[{LRCalc:0121;0010}](#) 'the SDDT method'.

Row	Exposure values
...	
0061	<p><b>Derivatives: Replacement cost contribution under the SA-CCR (without the effect of collateral on net independent collateral amount (NICA))</b></p> <p>...</p> <p>Institutions shall not consider in this row contracts measured by application of the simplified standardised approach or the original exposure method <a href="#">or the SDDT method</a>.</p>
...	
0101	<p><b>Derogation for derivatives: Replacement costs contribution under the simplified standardised approach</b></p> <p>...</p> <p>Institutions shall not consider in this row contracts measured by application of the SA-CCR or the original exposure method <a href="#">or the SDDT method</a>.</p>
...	
0110	<p><b>Derogation for derivatives: Original exposure method</b></p> <p>...</p> <p>Institutions shall not consider in this row contracts measured by application of the SA-CCR or the simplified standardised approach <a href="#">or the SDDT method</a>.</p>
...	
<a href="#">0121</a>	<p><b><a href="#">Derogation for derivatives: the SDDT method</a></b></p> <p><a href="#">Point (ii) of Article 429c(6) of the CRR.</a></p> <p><a href="#">This row provides the exposure measure of contracts listed in points 1 and 2 of Annex II of the CRR calculated in accordance with the SDDT method set out in point (b) of Article 429c(6) of the CRR.</a></p> <p><a href="#">Institutions that do not use the SDDT method shall not report this row.</a></p> <p><a href="#">Institutions shall not consider in this row contracts measured by application of the SA-CCR or the simplified standardised approach of the original exposure method.</a></p>
...	

...

# Bank of England PRA

## 4a. LV 41.00 – Leverage Ratio Template 2: On- and off-balance sheet items – additional breakdown of exposures (LR2)

...

23d. SDDTs and, if relevant, SDDT consolidation entities may exclude exposures of the trading book for the purpose of this template.

...

## 6. LV 44.00 – General information (LR5)

...

Row and column	Instructions
...	
{0020;0010}	Derivatives treatment  The institution shall specify the regulatory derivatives treatment in accordance with the categories given below: <ul style="list-style-type: none"> <li>- Standardised Approach for Counterparty Credit Risk (SA-CCR);</li> <li>- Simplified Standardised Approach for Counterparty Credit Risk;</li> <li>- Original exposure method;</li> <li>- <u>The SDDT method.</u></li> </ul>
...	

Draft for consultation