

**PRA RULEBOOK: CRR FIRMS: NON-CRR FIRMS: HOUSING (AMENDMENT) INSTRUMENT  
[2026]**

**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); and
  - (2) section 137T (General supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

**PRA Rulebook: CRR Firms: Non-CRR Firms: Housing (Amendment) Instrument [2026]**

- C. The PRA makes the rules in the Annex to this instrument.

**Commencement**

- D. This Rule Instrument comes into force on [DATE].

**Citation**

- E. This instrument may be cited as the PRA Rulebook: CRR Firms: Non-CRR Firms: Housing (Amendment) Instrument [2026].

**By order of the Prudential Regulation Committee**

[DATE]

## Annex

### Amendments to the Housing Part

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

#### 1 APPLICATION AND DEFINITIONS

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- 1.1 ~~If either Condition A or Condition B is met, this~~ This Part applies to a *firm* with a *Part 4A permission* that includes entering into a *regulated mortgage contract* as lender, except:
- ...
- 1.3 A *firm* that is a *parent undertaking* must ensure that a *subsidiary undertaking*, ~~which meets Condition A or Condition B,~~ complies with the requirements of this Part in relation to activities carried on from an establishment in the *UK*, as if it were a *firm* subject to those requirements.
- ...
- 1.5 ~~Condition A is that in the set of four consecutive quarters ending on 30 June 2014, the firm has entered into regulated mortgage contracts under which the total credit provided is or exceeds £100 million, but Condition A is not met if the firm entered into less than 300 regulated mortgage contracts in that period.~~ [Deleted]
- 1.6 ~~Where Condition A is met this Part applies from 1 October 2014.~~ [Deleted]
- 1.7 ~~Condition B is that during both of two consecutive sets of four quarters the firm has entered into regulated mortgage contracts under which the total credit provided in each set of four quarters is or exceeds £150 million, but Condition B is not met if the firm entered into less than 300 regulated mortgage contracts in each of those sets of four quarters.~~ [Deleted]
- 1.8 ~~Where Condition B is met, this Part applies from the start of the second quarter following the end of the final quarter relevant to the determination that the firm meets Condition B.~~ [Deleted]
- 1.9 ~~This Part ceases to apply (until Condition A or Condition B is met) if during both of two consecutive sets of four quarters:~~
- (1) ~~the firm has entered into regulated mortgage contracts under which the total credit provided is less than £150 million; or~~
- (2) ~~the firm has entered into less than 300 regulated mortgage contracts in each of those sets of four quarters.~~ [Deleted]
- 1.10 ~~In this chapter two consecutive sets of four quarters means:~~
- (1) ~~a second set of four quarters ending on 30 September 2014 or on the last day of each subsequent quarter; and~~
- (2) ~~a first set of four quarters ending on the last day of the immediately preceding quarter.~~ [Deleted]
- 1.11 In this Part the following definitions apply:
- ...
- first charge*
- means a *legal mortgage* ranking in priority ahead of all other *legal mortgages* (if any) affecting the land in question.
- further advance*

means a further amount of *credit* provided by a *firm* to an existing borrower and which is secured on the same property, whether under a new mortgage contract, or by variation to an existing mortgage contract.

...

*lifetime mortgage*

has the meaning given in the ~~PRA Handbook~~ FCA Handbook.

*quarter*

~~means any of the four calendar quarters of each year, the first quarter beginning on 1 January.~~

*re-mortgage with no change to the principal sum outstanding*

means a ~~regulated mortgage contract~~ regulated mortgage contract as defined in Article 61(3)(a) of the *Regulated Activities Order* under which the amount of *credit* provided does not exceed that outstanding to the *firm*, or to a different lender, under a previous *regulated mortgage contract*, or any other type of contract under which the obligation to repay the *credit* provided is secured by a *legal mortgage* on *land*. In determining the amount of *credit* provided, no account shall be taken of:

- (1) arrangement fees;
- (2) professional fees and costs; and
- (3) administration costs.

*regulated mortgage contract*

has the meaning given in Article 61(3)(a) of the *Regulated Activities Order*, but:

- (1) *re-mortgages with no change to the principal sum outstanding*;
- (2) *lifetime mortgages*; ~~and~~
- (3) *regulated mortgage contracts* that are not *first charge regulated mortgage contracts*;
- (4) *retirement interest-only mortgages*; and
- (5) *further advances*

must be disregarded.

*relevant period*

~~means, in relation to a *quarter*, the *quarter* and the three consecutive *quarters* preceding it.~~

*retirement interest-only mortgages*

has the meaning given in the FCA handbook.

## 2 HIGH LOAN TO INCOME ALLOWANCE LENDING

- 2.1 ~~Unless 2.3 or 2.4 apply, a *firm* must ensure that by the end of each *quarter* in which this Part applies the number of *high loan to income mortgage contracts* it enters into in the *relevant period* does not exceed 15% of all *regulated mortgage contracts* it enters into in that *relevant period*. A *firm* must conduct its business of entering into *high loan to income mortgage contracts* in a prudent manner.~~

- 2.2 ~~A firm that is part of a group may allocate all or part of its high loan to income allowance to any member of the group.~~[Deleted]
- 2.3 ~~A firm that has allocated any part of its high loan to income allowance to another member of the group must ensure that the number of high loan to income mortgage contracts it enters into in the relevant period does not exceed the amount specified in 2.1, as reduced by the amount of the high loan to income allowance it has allocated under 2.2.~~[Deleted]
- 2.4 ~~A firm that is part of a group must ensure that the number of high loan to income mortgage contracts it enters into in the relevant period does not exceed the amount specified in 2.1, plus any high loan to income allowance allocated to it under 2.2.~~[Deleted]
- 2.5 ~~A firm must keep a record of any part of a high loan to income allowance it has allocated or received.~~[Deleted]
- 2.6 ~~In this chapter, a high loan to income allowance is the number of high loan to income mortgage contracts a firm may enter into in the relevant period in compliance with 2.1 without the modifications in 2.3 or 2.4 applied.~~[Deleted]

Draft for consultation