

PRA STANDARDS INSTRUMENT: THE TECHNICAL STANDARDS (GEOGRAPHICAL LOCATION OF THE RELEVANT CREDIT EXPOSURES FOR CALCULATING INSTITUTION-SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER RATES) INSTRUMENT 2026

Powers exercised

- A. The PRA makes this instrument in the exercise of powers under section 138P (Technical Standards) of the Act.
- B. For the purposes of section 138P of the Act, the power to make regulatory technical standards on which the PRA relies for the purposes of this instrument is conferred on the PRA by Article 464B(2) of Regulation (EU) No 575/2013.
- C. Pursuant to section 138P(2)(b) of the Act, the power to make technical standards includes the power to modify, amend or revoke any EU tertiary legislation (as defined in section 20 of the EUWA) made by an EU entity under the original mandate which forms part of assimilated law. Commission Delegated Regulation (EU) No 1152/2014 constitutes EU tertiary legislation (as defined in section 20 of the EUWA) for the purposes of section 138P(2)(b) of the Act.
- D. The powers referred to above are specified for the purpose of section 138Q(2) (Standards instruments) of the Act.

Interpretation

- E. In this instrument, any reference to any provision of direct EU legislation is a reference to it as it forms part of assimilated law.
- F. In this instrument:
 - “EUWA” means the European Union (Withdrawal) Act 2018;
 - “PRA” means the Prudential Regulation Authority;
 - “assimilated law” has the meaning given it in section 6 of the EUWA; and
 - “the Act” means the Financial Services and Markets Act 2000.

Amendment

- G. The PRA makes the amendments in the Annex to Commission Delegated Regulation (EU) No 1152/2014 insofar as it applies to PRA-authorized persons.

Commencement

- H. This instrument comes into force on [DATE].

Citation

- I. This instrument may be cited as PRA Standards Instrument: The Technical Standards (Geographical Location of the Relevant Credit Exposures for Calculating Institution-specific Countercyclical Capital Buffer Rates) Instrument 2026.

By order of the Prudential Regulation Committee

[DATE]

Annex A

AMENDMENTS TO COMMISSION DELEGATED REGULATION (EU) NO 1152/2014

1. In this Annex, new text is underlined and deleted text is struck through.
2. Part 2 (PRA) of Commission Delegated Regulation (EU) No 1152/2014 with regard to regulatory technical standards on the identification of the geographical location of the relevant credit exposures for calculating institution-specific countercyclical capital buffer rates, as it forms part of assimilated law, is amended as follows:

*Article 1***Definitions**

For the purposes of this Regulation, the following definitions shall apply:

- (1) 'general credit exposure' means the risk exposure amount calculated in accordance with Article 92(3) of ~~Regulation (EU) No 575/2013~~ of the Required Level of Own Funds (CRR) Part of the PRA Rulebook of an exposure subject to the own funds requirement for credit risk under ~~Part 3, Title 2 of that Regulation~~ the Counterparty Credit Risk (CRR), Credit Risk General Provisions (CRR), Credit Risk Mitigation (CRR), Credit Risk Internal Ratings Based Approach (CRR) and Credit Risk Standardised Approach (CRR) Parts of the PRA Rulebook, other than an exposure referred to in points (a) to (f) of Article 112 of the Credit Risk: Standardised Approach (CRR) Part of the PRA Rulebook;
- (2) 'trading book exposure' means the risk exposure amount calculated in accordance with Article 92(3) of ~~Regulation (EU) No 575/2013~~ of the Required Level of Own Funds (CRR) Part of the PRA Rulebook of an exposure subject to the own funds requirement for specific risk under ~~Part 3, Title 4, Chapter 2 of that Regulation~~ Articles 326 to 350 of the Market Risk: Simplified Standardised Approach (CRR) Part of the PRA Rulebook, other than an exposure referred to in points (a) to (f) of Article 112 of the Credit Risk: Standardised Approach (CRR) Part of the PRA Rulebook;
- (3) 'securitisation exposure' means the risk exposure amount calculated in accordance with Article 92(3) of ~~Regulation (EU) No 575/2013~~ of the Required Level of Own Funds (CRR) Part of the PRA Rulebook of an exposure subject to the own funds requirement under ~~Part 3, Title 2, Chapter 5 of that Regulation~~ the Securitisation (CRR) Part of the PRA Rulebook, other than an exposure referred to in points (a) to (f) of Article 112 of the Credit Risk: Standardised Approach (CRR) Part of the PRA Rulebook;
- ...
- (8) 'specialised lending exposure' means the general credit exposures possessing the characteristics referred to in Article 147(8) ~~of Regulation (EU) No 575/2013~~ 147(4B) of the Credit Risk: Internal Ratings Based Approach (CRR) Part of the PRA Rulebook;

(9) 'PRA Rulebook' means the rulebook published by the Prudential Regulation Authority containing rules made under the Financial Services and Markets Act 2000, as amended from time to time.

Article 1A

~~(1) In addition to the effect of section 5 of the Financial Services Act 2021 in relation to corresponding provisions within the meaning of that section, any reference in this regulation to Part Three of CRR shall be read as including references to:~~

~~(i) Article 132a of Chapter 3 of the Standardised Approach and Internal Ratings Based Approach to Credit Risk (CRR) Part of the PRA Rulebook; and~~

~~(ii) Articles 274, 275 and 276 to 282 of Chapter 3 of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook.~~

Article 2

Location of general credit exposures

...

~~(3) Specialised lending exposures as referred to in Article 147(8) of Regulation (EU) No 575/2013~~147(4B) of the Credit Risk: Internal Ratings Based Approach (CRR) Part of the PRA Rulebook shall be allocated to the location of the income.

...

Article 3

Geographical location of trading book exposures

(1) Subject to paragraphs 2 and 3, trading book exposures shall be allocated to the location of the debtor.

(2) For trading book exposures subject to the own funds requirements under ~~Part Three, Title IV, Chapter 5 of Regulation (EU) No 575/2013~~the Market Risk: Internal Model Approach (CRR) Part of the PRA Rulebook, institutions shall determine their geographical location by multiplying their aggregate risk exposure amount by the ratio below:

(a) the own funds requirements for sub-portfolios split according to the geographical location determined according to the model provided in ~~Chapter 5 of Title IV of Part Three of Regulation (EU) No 575/2013~~the Market Risk: Internal Model Approach (CRR) Part of the PRA Rulebook to

(b) the sum of own funds requirements determined under point (a) across all geographical locations.

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Draft for consultation