

PRA RULEBOOK: CRR FIRMS: PILLAR 2 (CONSEQUENTIAL AMENDMENTS) 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);
 - (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 purpose of section 138G(2) (Rule-making instrument) of the Act.

PRA Rulebook: CRR Firms: Pillar 2 (Consequential Amendments) Instrument 2026

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

Part	Annex
Glossary	A
Capital Buffers	B
Disclosure (CRR)	C
Own Funds (CRR)	D
Credit Risk: Standardised Approach (CRR)	E

Commencement

- D. These Annexes come into force on [1 January 2027].

Citation

- E. This instrument may be cited as the PRA Rulebook: CRR Firms: Pillar 2 (Consequential Amendments) Instrument 2026.

By order of the Prudential Regulation Committee

[DATE]

Annex A

Amendments to the Glossary Part

In this Annex the baseline for these draft rules is the Rulebook as it would stand on 1 January 2027, on the basis of rules made to date and on the basis that the rules consulted on in the PRA Rulebook: Definitions and Interpretation (CRR) Instrument [2026] accompanying CP 19/25 have been made.

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

...

own funds

means

- (1) ((A) when used in italics in *Pillar 2A requirement*, the Capital Buffers Part, the Definition of Capital Part, the Depositor Protection Part, the Internal Capital Adequacy Assessment Part, the Notifications Part, the Recovery Plans Part and the Regulatory Reporting Part and (B) when used without italics in *CRR rules* and rules made under section 192XA of FSMA) the sum of *Tier 1 capital* and *Tier 2 capital*;

...

Pillar 2A requirement

means the *own funds* (if any) a *person* must at all times hold in excess of the *own funds* requirements under paragraphs 1(a), (b) and (c) of Required Level of Own Funds (CRR) Part Article 92 in accordance with a requirement imposed by the *PRA* under section 55M of *FSMA* or a direction given by the *PRA* under section 192C of *FSMA*.

...

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

...

1.2 In this Part, the following definitions shall apply:

...

~~Pillar 2A requirement~~

~~means the own funds (if any) a person must at all times hold in excess of its Pillar 1 requirements in accordance with a requirement imposed by the PRA under section 55M of FSMA or a direction given by the PRA under section 192C of FSMA.~~

...

Draft for consultation

Annex C

Amendments to the Disclosure (CRR) Part

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

4 DISCLOSURE (PART EIGHT CRR)

...

ARTICLE 438 DISCLOSURE OF OWN FUNDS REQUIREMENTS AND RISK-WEIGHTED EXPOSURE AMOUNTS

Institutions shall disclose the following information regarding their compliance with Article 92 and rules 3.1(1)(a) and 3.4 of the Internal Capital Adequacy Assessment Part of the *PRA* Rulebook:

- (a) a summary of their approach to assessing the adequacy of their internal capital to support current and future activities;
- (b) the amount of any Pillar 2A requirement ~~the additional own funds requirements based on the supervisory review and evaluation process (within the meaning of regulation 34A of the *Capital Requirements Regulations*)~~ and its composition in terms of Common Equity Tier 1, additional Tier 1 and Tier 2 instruments;

...

ARTICLE 447 DISCLOSURE OF KEY METRICS

Institutions shall disclose the following key metrics in tabular format:

...

- (c) where applicable, the amount and composition of any Pillar 2A requirement ~~additional own funds which the institutions are required to hold in accordance with regulation 34(1) of the *Capital Requirements Regulations*;~~

...

Annex D

Amendments to the Own Funds (CRR) Part

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

3 OWN FUNDS (PART TWO CRR)

...

ARTICLE 84 MINORITY INTERESTS INCLUDED IN CONSOLIDATED COMMON EQUITY TIER 1 CAPITAL

1. Institutions shall determine the amount of minority interests of a subsidiary that is included in consolidated Common Equity Tier 1 capital by subtracting from the minority interests of that undertaking the result of multiplying the amount referred to in point (a) by the percentage referred to in point (b):

(a) the Common Equity Tier 1 capital of the subsidiary minus the lower of the following:

(i) the amount of Common Equity Tier 1 capital of that subsidiary required to meet the following:

A the sum of the requirement laid down in point (a) of Article 92(1) of *CRR* the requirements referred to in Articles 458 and 459 of *CRR*, any Pillar 2A requirement~~the specific own funds requirements referred to in regulation 34 of the Capital Requirements Regulations 2013~~, the combined buffer defined in the Capital Buffers Part, and the requirements referred to in any additional local supervisory regulations in *third countries* insofar as those requirements are to be met by Common Equity Tier 1 capital; or

...

(ii) the amount of consolidated Common Equity Tier 1 capital that relates to that subsidiary that is required on a *consolidated basis* to meet the sum of the requirement laid down in point (a) of Article 92(1) of *CRR*, the requirements referred to in Articles 458 and 459 of *CRR*, any Pillar 2A requirement~~the specific own funds requirements referred to in regulation 34 of the Capital Requirements Regulations 2013~~, the combined buffer defined in the Capital Buffers Part, and the requirements referred to in any additional local supervisory regulations in *third countries* insofar as those requirements are to be met by Common Equity Tier 1 capital;

...

...

ARTICLE 85 QUALIFYING TIER 1 INSTRUMENTS INCLUDED IN CONSOLIDATED TIER 1 CAPITAL

1. Institutions shall determine the amount of qualifying *Tier 1 capital* of a subsidiary that is included in consolidated own funds by subtracting from the qualifying *Tier 1 capital* of that undertaking the result of multiplying the amount referred to in point (a) by the percentage referred to in point (b):

- (a) the *Tier 1 capital* of the subsidiary minus the lower of the following:
- (i) the amount of *Tier 1 capital* of that subsidiary required to meet the following:
 - A the sum of the requirement laid down in point (b) of Article 92(1) of *CRR* the requirements referred to in Articles 458 and 459 of *CRR*, any Pillar 2A requirement~~the specific own funds requirements referred to in regulation 34 of the Capital Requirements Regulations 2013~~, the combined buffer defined in the Capital Buffers Part, and the requirements referred to in any additional local supervisory regulations in *third countries* insofar as those requirements are to be met by *Tier 1 capital*; or
 - ...
 - (ii) the amount of consolidated *Tier 1 capital* that relates to that subsidiary that is required on a *consolidated basis* to meet the sum of the requirement laid down in point (b) of Article 92(1) of *CRR*, the requirements referred to in Articles 458 and 459 of *CRR*, any Pillar 2A requirement~~the specific own funds requirements referred to in regulation 34 of the Capital Requirements Regulations 2013~~, the combined buffer defined in the Capital Buffers Part, and the requirements referred to in any additional local supervisory regulations in *third countries* insofar as those requirements are to be met by *Tier 1 capital*;
 - ...

ARTICLE 87 QUALIFYING OWN FUNDS INCLUDED IN CONSOLIDATED OWN FUNDS

1. Institutions shall determine the amount of qualifying own funds of a subsidiary that is included in consolidated own funds by subtracting from the qualifying own funds of that undertaking the result of multiplying the amount referred to in point (a) by the percentage referred to in point (b):
- (a) the own funds of the subsidiary minus the lower of the following:
- (i) the amount of own funds of that subsidiary required to meet the following:
 - A the sum of the requirement laid down in point (c) of Article 92(1) of *CRR* the requirements referred to in Articles 458 and 459 of *CRR*, any Pillar 2A requirement~~the specific own funds requirements referred to in regulation 34 of the Capital Requirements Regulations 2013~~, the combined buffer defined in the Capital Buffers Part, and any additional local supervisory regulations in *third countries*; or
 - ...
 - (ii) the amount of own funds that relates to that subsidiary that is required on a *consolidated basis* to meet the sum of the requirement laid down in point (c) of Article 92(1) of *CRR*, the requirements referred to in Articles 458 and 459 of *CRR*, any Pillar 2A requirement~~the specific own funds requirements referred to in regulation 34 of the Capital Requirements Regulations 2013~~, the combined buffer defined in the Capital Buffers Part, and any additional local supervisory own funds requirement in *third countries*;
 - ...

...

4 RULES SUPPLEMENTING THE CRR WITH REGARDS TO OWN FUNDS REQUIREMENTS (PREVIOUSLY REGULATION (EU) NO 241/2014)

...

ARTICLE 10 LIMITATIONS ON REDEMPTION OF CAPITAL INSTRUMENTS ISSUED BY MUTUALS, SAVINGS INSTITUTIONS, CO-OPERATIVES SOCIETIES AND SIMILAR INSTITUTIONS FOR THE PURPOSE OF ARTICLE 29(2)(B) OF CHAPTER 3

...

3. The extent of the limitations on redemption included in the provisions governing the instrument shall be determined by the institution on the basis of the prudential situation of the institution at any time, having regard to in particular, but not limited to:

...

- (b) the amount of Common Equity Tier 1 capital, Tier 1 and total capital compared to the total risk exposure amount calculated in accordance with the requirements laid down in point (a) of Article 92(1) of the *CRR*, ~~any Pillar 2A requirement~~the specific own funds requirements referred to in regulation 34 of the *Capital Requirements Regulations* and the combined buffer as defined in the Capital Buffers Part (where applicable to the *firm* concerned).

...

ARTICLE 30 CONTENT OF THE APPLICATION TO BE SUBMITTED BY THE INSTITUTION FOR THE PURPOSES OF ARTICLE 77(1) OF THE CRR

1. The application referred to in Article 29 shall be accompanied by the following information:

...

- (c) present and forward-looking information, that shall cover at least a three year period, on the amounts and percentages corresponding to the following requirements for own funds and eligible liabilities, including the level and composition of own funds before and after the performing of the action and the impact on regulatory requirements:

...

- (ii) the additional Common Equity Tier 1 capital, the additional Tier 1 capital, and the additional own funds that the institution is required to hold by the *PRA* pursuant to any Pillar 2A requirement~~Regulation 34 of the *Capital Requirement Regulations*~~, where applicable;

...

...

ARTICLE 34A MINORITY INTERESTS INCLUDED IN CONSOLIDATED COMMON EQUITY TIER 1 CAPITAL

...

3. Where the subsidiary complies with the provisions of Part Three of the *CRR* on the basis of its consolidated situation the following treatment shall apply:

...

- (b) for the purpose of the sub-consolidation calculation, the amount of Common Equity Tier 1 capital required according to point (i) of Article 84(1)(a) of the *CRR* shall be the amount required to meet the Common Equity Tier 1 requirements of that subsidiary at the level of its consolidated situation calculated in accordance with point (a) of Article 84(1) of the *CRR* including any Pillar 2A requirement~~The specific own funds requirements referred to shall be the ones set by the competent authority of the subsidiary under regulation 34 of the *Capital Requirements Regulations*;~~

...

...

Draft for consultation

Annex E

Amendments to the Credit Risk: Standardised Approach (CRR) Part

In this Annex the baseline for these draft rules is the Rulebook as it would stand on 1 January 2027, on the basis of rules made to date and on the basis that the rules consulted on in the PRA Rulebook: CRR Firms: Overseas Prudential Recognition Regime Instrument [2026] accompanying CP 3/26 have been made.

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

...

4 STANDARDISED APPROACH

...

Article 121 EXPOSURES TO UNRATED INSTITUTIONS

...

1A. For the purposes of paragraph 1, where a counterparty is a *CRR firm* the references to minimum financial regulatory requirements include:

- (a) the requirements in Required Level of Own Funds (CRR) Part Article 92;
- (b) any Pillar 2A requirement ~~the additional own funds the counterparty is required to hold in accordance with regulation 34(1) of the Capital Requirements Regulations;~~ and

...

...