

Appendix 1**PRA RULEBOOK: CRR FIRMS, NON-CRR FIRMS: LIQUIDITY 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);
 - (3) section 144G (Disapplication or modification of CRR rules in individual cases);
 - (4) section 144H(1) and (2) (Relationship with the CRR);
 - (5) section 192J (Rules requiring provision of information by parent undertakings);
 - (6) Section 192XA (Rules applying to holding companies); and
 - (7) Section 192XC (Disapplication or modification of rules in individual cases).
- 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, Non-CRR Firms: Liquidity Instrument 2026

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

Part	Annex
Internal Liquidity Adequacy Assessment	A
Liquidity (CRR)	B
Liquidity Coverage Ratio (CRR)	C
Regulatory Reporting	D

Commencement

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

Citation

- E. This instrument may be cited as the PRA Rulebook: CRR Firms, Non-CRR Firms: Liquidity Instrument 2026.

By order of the Prudential Regulation Committee

[DATE]

Annex A

Amendments to the Internal Liquidity Adequacy Assessment Part

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

1 APPLICATION AND DEFINITIONS

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1.2 In this Part, the following definitions shall apply:

central bank facilities

means liquidity operations offered by a central bank where the access conditions, pricing approach and asset eligibility criteria are publicly disclosed.

...

drawing capacity

means the value of pre-positioned collateral net of any relevant exposures (including drawings/borrowings) and net of any haircuts or other adjustments.

...

pre-positioned collateral

means assets, accepted as eligible collateral for central bank facilities and for which any relevant haircut has been determined.

...

2 OVERALL LIQUIDITY ADEQUACY RULE

2.1 A firm must at all times maintain liquidity resources which are adequate, ~~both as to amount, and quality, and composition,~~ to ensure that there is no significant risk that its liabilities cannot be met as they fall due.

2.2 For the purposes of the overall liquidity adequacy rule:

...

(2) a firm may not include liquidity resources that may be made available through emergency liquidity assistance from a ~~central bank~~ central bank.

3 OVERALL STRATEGIES, PROCESSES AND SYSTEMS

3.1 As part of the overall liquidity adequacy rule, a firm must have in place robust strategies, policies, processes and systems that enable it to identify, measure, manage and monitor liquidity risk and funding risk over an appropriate set of time horizons, including intra-day, so as to ensure that it maintains adequate levels and appropriate composition of liquidity buffers, and, as appropriate, drawing capacity, and an appropriate funding profile. These strategies, policies, processes and systems must be tailored to business lines, currencies, branches and legal entities and must include adequate allocation mechanisms of liquidity costs, benefits and risks.

[Note: Art. 86(1) of the CRD]

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7 MANAGEMENT OF COLLATERAL

...

7.3 A firm must assess and monitor the adequacy and amount of *drawing capacity*.

...

11 STRESS TESTING

11.1 A firm must consider different *liquidity risk* mitigation tools, including a system of limits, and liquidity buffers of appropriate amount and composition, and, as relevant, *drawing capacity*, in order to be able to withstand a range of different stress events and an adequately diversified funding structure and access to funding sources. It must review those arrangements regularly.

[Note: Art. 86(7) of the CRD]

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11.3A In relation to the stress tests required by 11.3, a firm must:

- (1) assess any frictions associated with monetising assets;
- (2) assess the source of outflows during the initial days of the stress event; and
- (3) calculate the amount of additional liquidity resources that would be available to it in excess of the liquidity resources required to meet its most severe stress test, were the firm to draw in full against all its *drawing capacity*.

11.3B If a firm assumes access to *central bank facilities* in the stress tests required by 11.3, it must ensure that it is operationally ready to access those facilities.

...

11.4A At least one of the alternative scenarios that a firm must consider under 11.4 must involve sudden and severe liquidity outflows during the initial days of a stress event.

11.5 In carrying out the liquidity stress tests required by 11.3, a firm must make appropriate assumptions around the major sources of risk, including the major sources of risk in each of the following categories where they are relevant to the firm given the nature and scale of its business:

...

- (11) ~~marketable assets risk;~~ monetisation risk;

...

...

11.7 A firm must ensure that the results of its stress tests are:

...

- (6) taken into account when setting internal limits for the management of that firm's *liquidity risk* exposure;
- (7) taken into account when ensuring its *liquidity risk* appetite and *funding risk* appetite are appropriate, in accordance with 4.1; and
- (8) taken into account for the purposes of complying with the *overall liquidity adequacy rule*.

...

12 LIQUIDITY CONTINGENCY PLAN

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12.3 The *liquidity contingency plan* must also set out adequate strategies and ~~proper implementation measures~~ recovery options in order to address possible liquidity shortfalls. The *liquidity contingency plan* ~~These plans~~ must be tested operationally at least annually, updated on the basis of the outcome of the alternative scenarios set out in 11.2, and be reported to and approved by the *firm's senior management*, so that internal policies and processes can be adjusted accordingly.

[Note: Art. 86(11) (part) of the *CRD*]

...

15 INTRODUCTION OF THE LIQUIDITY COVERAGE RATIO [DELETED]

15.1 ~~The applicable *liquidity coverage ratio* for the purpose of Article 38(2) *Delegated Regulation* shall be:~~

~~(1) 80% as from 1 October 2015;~~

~~(2) 90% as from 1 January 2017; and~~

~~(3) 100% as from 1 January 2018. [Deleted]~~

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Annex B

Amendments to the Liquidity (CRR) Part

In this Annex deleted text is struck through.

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4 LIQUIDITY (PART SIX CRR)

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Article 417 OPERATIONAL REQUIREMENTS FOR HOLDINGS OF LIQUID ASSETS

The institution shall only report as liquid assets those holdings of liquid assets that meet the following conditions:

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- (d) a portion of the liquid assets except those referred to in points (a), ~~(c)~~, (e) and (f) of Article 416(1) is periodically and at least annually liquidated via outright sale or via simple repurchase agreements on an approved repurchase market for the following purposes:

...

...

Annex C

Amendments to the Liquidity Coverage Ratio (CRR) Part

In this Annex deleted text is struck through.

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2 RULES ON STANDARDS FOR THE LIQUIDITY COVERAGE REQUIREMENT FOR CREDIT INSTITUTIONS (PREVIOUSLY REGULATION (EU) NO 2015/61)

...

Article 8 OPERATIONAL REQUIREMENTS

...

4. Credit institutions shall regularly, and at least once a year, monetise a sufficiently representative sample of their holding of liquid assets by means of outright sale or simple repurchase agreement on a generally accepted repurchase market. Credit institutions shall develop strategies for disposing of samples of liquid assets which are adequate to:

...

The requirement laid down in the first subparagraph shall not apply to ~~level 1 assets referred to in Article 10, other than extremely high quality covered bonds,~~ to the restricted-use committed liquidity facility referred to in subparagraph (d) of Article 12(1).

...

Annex D

Amendments to the Regulatory Reporting Part

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

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7 REGULATED ACTIVITY GROUP 1

7.1 The applicable *data items* referred to in the table in 6.1 are set out according to *firm* type in the table below:

RAG 1	Prudential category of <i>firm</i> , applicable <i>data items</i> and reporting format (1)						
	<i>UK bank other than a ring-fenced body</i>	<i>Ring-fenced body</i>	<i>Building society</i>	<i>Non-UK bank</i>	[deleted.]	[deleted.]	[deleted.]
Description of <i>data item</i>							
...
Cash Flow Mismatch	PRA110 (35) <u>(35A)</u> (36) (37)	PRA110 (28) (35) <u>(35A)</u> (36) (37)	PRA110 (35) <u>(35A)</u> (36) (37)	-	PRA110 (35) (36) (37) [deleted]	-	-
...

...

(35A) A *firm* is not required to complete the Monetisation Actions (rows 290 – 303) of PRA 110.

...

9 REGULATED ACTIVITY GROUP 3

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9.2 ...

RAG 3	
Description of <i>data item</i>	Applicable <i>data items</i> (1)
...	...
Solo consolidation data	FSA016 {(8)}
...	...
Cash Flow Mismatch	PRA110 (19)(20)(21)(<u>21A</u>)

...

_____ (21A) A *firm* is not required to complete the Monetisation Actions (rows 290 – 303) of PRA 110.

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Draft for consultation