

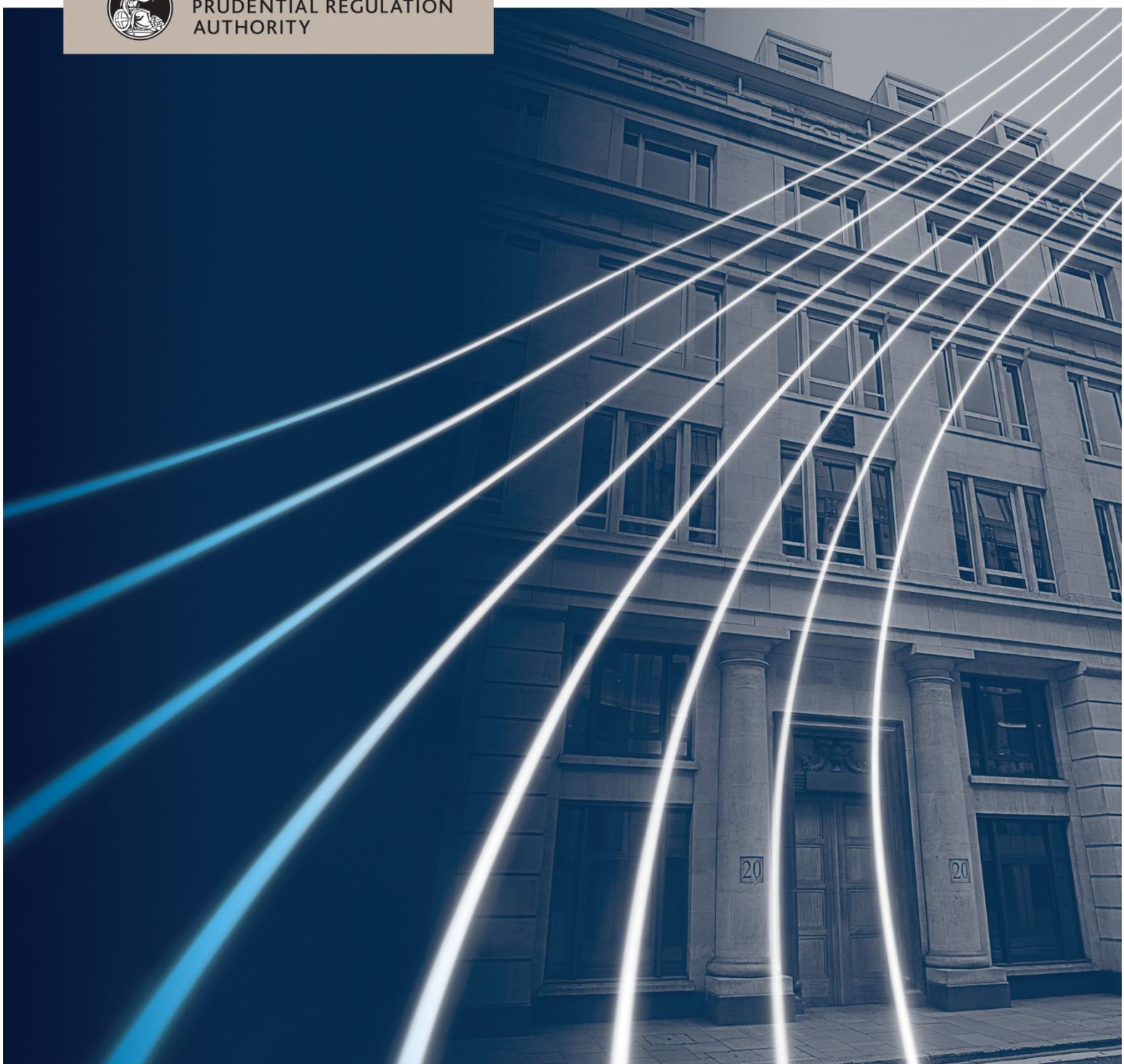
Policy Statement | PS32/18

The systemic risk buffer: Updates to the Statement of Policy

December 2018



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY





BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

Policy Statement | PS32/18

The systemic risk buffer: Updates to the Statement of Policy

December 2018

Contents

1	Overview	1
<hr/>		
	Appendix	2
<hr/>		

1 Overview

1.1 This Prudential Regulation Authority (PRA) Policy Statement (PS) provides the PRA's final Statement of Policy (SoP) (see Appendix) following Consultation Paper (CP) 29/18 'The systemic risk buffer: Updates to the Statement of Policy'.¹

1.2 The PS is relevant to ring-fenced bodies within the meaning of section 142A of the Financial Services and Markets Act 2000 (FSMA) and large building societies that hold more than £25 billion in deposits (where one or more of the account holders is a small business) and shares (excluding deferred shares) – jointly 'SRB institutions'.

1.3 In CP29/18 the PRA proposed to:

- remove the statement that the PRA's approach to reviewing the SoP every two years is mandated by the 'SRB regulations';²
- replace references to CP25/16 with the corresponding PRA SoP on its methodologies for setting Pillar 2 capital following publication of the final policy;³ and
- include references to Supervisory Statement 45/15 'The UK leverage ratio framework',⁴ which was recently updated with respect to the application of an additional leverage ratio buffer (ALRB) rate to SRB institutions.

1.4 The PRA received no responses to the consultation. The PRA has made no changes to the draft policy consulted on in the CP, but changed footnote 11 in the SoP to update references to Delegated Regulation (EU) No 1222/2014.

¹ Available on page 2 of 2 at <https://www.bankofengland.co.uk/prudential-regulation/publication/2018/the-systemic-risk-buffer-updates-to-the-statement-of-policy>.

² The Capital Requirements (Capital Buffers and Macro-prudential Measures) (Amendment) Regulations 2015.

³ PRA Statement of Policy 'The PRA's methodologies for setting Pillar 2 capital', April 2018: <https://www.bankofengland.co.uk/prudential-regulation/publication/2015/the-pras-methodologies-for-setting-pillar-2-capital>.

⁴ PRA Supervisory Statement 45/15 'The UK leverage ratio framework' November 2018: <https://www.bankofengland.co.uk/prudential-regulation/publication/2015/the-uk-leverage-ratio-framework-ss>.

Appendix

Statement of Policy 'The PRAs' approach to the implementation of the systemic risk buffer', available at: <https://www.bankofengland.co.uk/prudential-regulation/publication/2016/the-pras-approach-to-the-implementation-of-the-systemic-risk-buffer-sop>.