The systemic risk buffer: Updates to the Statement of Policy

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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’.  

1.2 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’;

- replace references to CP25/16 with the corresponding PRA SoP on its methodologies for setting Pillar 2 capital following publication of the final policy; and

- include references to Supervisory Statement 45/15 ‘The UK leverage ratio framework’, 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.

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