

**PRA RULEBOOK: CRR FIRMS: CREDIT RISK (AMENDMENT) INSTRUMENT 2019**

**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); and
  - (2) section 137T (General supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

**Pre-conditions to making**

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

**PRA Rulebook: CRR Firms: Credit Risk (Amendment) Instrument 2019**

- D. The PRA makes the rules in the Annex.

**Commencement**

- E. This instrument comes into force on 31 December 2020.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Credit Risk (Amendment) Instrument 2019.

**By order of the Prudential Regulation Committee**

8 February 2019

## Annex

### Amendments to the Credit Risk Part

In this Annex new text is underlined.

#### 1 APPLICATION AND DEFINITIONS

---

...

1.2 In this Part, the following definitions shall apply:

equity exposures

means exposures that meet the criteria in either:

- (1) Article 133 of the CRR; or
- (2) Article 147(6) of the CRR, if a firm has permission to use internal models in accordance with Chapter 3, Title II, Part Three of the CRR.

...

non-retail exposures

means exposures that are not retail exposures, in accordance with Commission Delegated Regulation (EU) 2018/171.

retail exposures

means exposures that meet the criteria in either:

- (1) Article 123 of the CRR; or
- (2) Article 147(5) of the CRR, if a firm has permission to use internal models in accordance with Chapter 3, Title II, Part Three of the CRR.

...

#### 6 MATERIALITY THRESHOLD

---

6.1 For the purposes of Article 178(1)(b) of the CRR, a firm must assess a credit obligation past due as material if:

(1) for retail exposures:

- (a) the sum of all amounts past due owed by an obligor to the firm, any parent undertaking of the firm or any subsidiary of the firm is greater than £0; and
- (b) the amount of the credit obligation past due in relation to the total amount of all on-balance sheet exposures to that obligor of the firm, any parent undertaking of the firm or any subsidiary of the firm, excluding equity exposures, is greater than 0%;

(2) for non-retail exposures:

- (a) the sum of all amounts past due owed by an obligor to the *firm*, any *parent undertaking* of the *firm* or any *subsidiary* of the *firm* is greater than EUR 500 sterling equivalent; and
- (b) the amount of the credit obligation past due in relation to the total amount of all on-balance sheet *exposures* to that obligor of the *firm*, any *parent undertaking* of the *firm* or any *subsidiary* of the *firm*, excluding *equity exposures*, is greater than 1%.

**[Note: Arts. 178(1)(b) and 178(2)(d) of the CRR]**