

PRA RULEBOOK: CRR FIRMS: RELATED PARTY TRANSACTION RISK (CAPITAL REQUIREMENTS DIRECTIVE V) INSTRUMENT 2020

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 instruments) 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: Related Party Transaction Risk (Capital Requirements Directive V) Instrument 2020

- D. The PRA makes the rules in the Annex to this instrument.

Commencement

- E. This instrument comes into force on 29 December 2020.

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Related Party Transaction Risk (Capital Requirements Directive V) Instrument 2020

By order of the Prudential Regulation Committee

[DATE]

Annex

Amendments to the Related Party Transaction Risk 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:

...

related parties

means in relation to a firm:

...

(h) direct and related interests of any *person* listed in (a) to (g) above, which includes a commercial entity in which a member of the *management body* or any of their *close family members*:

(i) has a *qualifying holding* of 10% or more of capital or of voting rights;

(ii) exercises significant influence;

(iii) holds a senior management position; or

(iv) is a member of *management body*; and

...

Additional Notes

[Note: Art. 88(1) of the CRD]

...

2 RELATED PARTY TRANSACTION RISK

...

2.5 A *firm* must provide the *PRA* with details on ~~aggregate~~ exposures to *related parties* if requested by the *PRA*. The details must be provided by the date set by the *PRA* at the time of the request.

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Additional Notes

[Note: Art. 88(1) of the CRD]

Part

RELATED PARTY TRANSACTION RISK

Externally defined glossary terms

Term	Definition source
<i>qualifying holding</i>	<i>Art. 4(1)(36) of the CRR</i>

Near-final