

**PRA RULEBOOK: CRR FIRMS: CAPITAL BUFFERS (CAPITAL REQUIREMENTS DIRECTIVE V)
No2 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 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.

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

Commencement

- E. This instrument comes into force on IP completion day, as defined in the European Union (Withdrawal Agreement) Act 2020.

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Capital Buffers (Capital Requirements Directive V) No2 Instrument 2020

By order of the Prudential Regulation Committee
[DATE]

Annex

Amendments to the Capital Buffers Part

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

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4 CAPITAL CONSERVATION MEASURES

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Restrictions on distributions

- 4.2 ~~A firm that meets the combined buffer must not make a distribution in connection with common equity tier 1 capital to an extent that would decrease its common equity tier 1 capital to a level where the combined buffer is no longer met.~~

[Note: Art 141(1) of the CRD]

[Deleted.]

4.3 ...

- (5) The sum to be multiplied in accordance with (4) ~~shall consist of:~~ be the sum of the profits earned in each of the past four calendar quarters less, in each case:
- (a) any distributions of profits or payments resulting from the actions referred to in points (a), (b) or (c) of (2), or
 - (b) amounts which would be payable by tax if the undistributed profits of the past four calendar quarters were to be retained.
- ~~(a) any interim profits not included in common equity tier 1 capital pursuant to Article 26(2) of the CRR net of any distribution of profits or any payment resulting from the actions referred to in points (a), (b) or (c) of (2);~~
- plus
- ~~(b) any year-end profits not included in common equity tier 1 capital pursuant to Article 26(2) of the CRR net of any distribution of profits or any payment resulting from the actions referred to in points (a), (b) or (c) of (2);~~
- minus
- ~~(c) amounts which would be payable by tax if the items specified in points (a) and (b) were to be retained.~~

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