

PRA RULEBOOK: CRR FIRMS: GROUPS (CAPITAL REQUIREMENTS DIRECTIVE V) (No 2) 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);
 - (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: Groups (Capital Requirements Directive V) (No 2) Instrument 2020

- D. The PRA makes the rules in the Annex to this instrument, amending the Groups Part of the Rulebook.

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: Groups (Capital Requirements Directive V) (No 2) Instrument 2020.

By order of the Prudential Regulation Committee
[DATE]

Annex

Amendments to the Groups Part

In this Annex, there is no new text and deleted text is struck through.

....

1 APPLICATION AND DEFINITIONS

...

1.2

...

intermediate EU parent undertaking

means

a ~~parent undertaking~~ with its head office in one of the ~~EEA states~~.

....

4 INTERMEDIATE PARENT UNDERTAKINGS

4.1 (1) Subject to (2), this chapter applies to every ~~firm~~ that is an ~~institution~~ where both of the following tests are met:

— (a) the ~~firm~~ belongs to a ~~third country banking and investment group~~ that includes the ~~firm~~ and at least one other ~~institution~~ in the ~~EU~~; and

— (b) the total value of the assets in the ~~EU~~ of the ~~third country banking and investment group~~ to which the ~~firm~~ belongs is equal to or greater than 40 billion euros, calculated in accordance with 4.3.

— (2) This chapter shall not apply to a ~~firm~~ if it is a member of a ~~third country banking and investment group~~ operating through more than one ~~institution~~ in the ~~EU~~ that had total assets in the ~~EU~~ equal to or greater than 40 billion euros on 27 June 2019.

4.2 A ~~firm~~ referred to in 4.1 must have a single ~~intermediate EU parent undertaking~~ that is either:

— (1) a ~~credit institution~~ authorised in accordance with Article 8 ~~CRD~~; or

— (2) a ~~financial holding company~~ or ~~mixed financial holding company~~ approved in accordance with Article 21a ~~CRD~~; or

— (3) where none of the ~~institutions~~ subject to 4.1 is a ~~credit institution~~, an ~~investment firm~~ that is authorised in accordance with Article 5.1 ~~MiFID~~ and is subject to ~~BRRD~~.

4.3 The calculation in 4.1 (1) (b) shall be as follows:

— (1) The total value of the assets in the ~~EU~~ of the ~~third country banking and investment group~~ is the sum of:

— (a) the total value of the assets of each ~~institution~~ in the ~~EU~~ belonging to the ~~third country banking and investment group~~; and

- ~~_____ (b) the total value of the assets of each branch of the *third country banking and*~~
~~_____ *investment group* authorised in the *EU* in accordance with *CRD*, *MiFIDII* or *MiFIR*.~~
- ~~_____ (2) The total value of the assets of an *institution* shall be assessed:~~
 - ~~_____ (a) if the *institution* is at the head of a *consolidation group*, on the basis of its own~~
~~_____ consolidated situation; and otherwise~~
 - ~~_____ (b) on an individual basis.~~
- ~~_____ (3) In making this calculation no asset or value of an asset shall be double counted.~~

Near-final