

PRA RULEBOOK: CRR FIRMS: SDDT REGIME INSTRUMENT [2026]

In annexes A to D of this instrument where draft rules are shown in mark-up (with new text underlined and deleted text struck through) the baseline is the PRA Rulebook as it would stand in Q1 2026 (when the PRA intends to publish a final Policy Statement) on the basis of rules made to date.

In annexes E to Z where draft rules are shown in mark-up, the baseline is the PRA Rulebook as it would stand on 1 January 2027 on the basis of rules made to date and on the basis that the following rules will also have been made:

- rules published in the near-final draft PRA Rulebook: CRR Firms: (CRR) Instrument [2024] accompanying PS9/24, except for rules in that draft instrument relating to the proposed Interim Capital Regime, and
- rules published in the near-final draft PRA Rulebook: CRR Firms: (CRR) Instrument [2025] accompanying PS19/25.

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);
 - (3) section 144G (Disapplication or modification of CRR rules in individual cases);
 - (4) section 144H (Relationship with the capital requirements regulation);
 - (5) section 192XA (Rules applying to holding companies); and
 - (6) section 192XC (Disapplication or modification of rules in individual cases).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

PRA Rulebook: CRR Firms: SDDT Regime Instrument [2026]

- C. The PRA makes the rules in the Annexes to this instrument.

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Notes

- D. In the Annexes to this instrument, the “notes” (indicated by “[Note:]”) are included for the convenience of readers but do not form part of the legislative text.

Templates, Annexes and instruction documents

- E. The rules in this Instrument include any template, Annex or instruction document referred to in the rules. Where indicated by “[here](#)”, the rules when published electronically will include a hyperlink to the appropriate document.

Commencement

- F. Annexes A to D come into force on [DATE] 2026.

This is a draft instrument with near-final rules to accompany PS20/25 'The Strong and Simple Framework: The simplified capital regime for Small Domestic Deposit Takers (SDDTs)'

G. Annexes E to Z come into force on 1 January 2027.

Citation

H. This instrument may be cited as the PRA Rulebook: CRR Firms: SDDT Regime Instrument [2026].

By order of the Prudential Regulation Committee

[DATE]

Near-final

Annex A

Amendments to the Glossary Part

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

...

~~ICR consolidation entity~~

~~has the meaning given in SDDT Regime — General Application 4.2.~~

~~ICR firm~~

~~has the meaning given in SDDT Regime — General Application 4.1.~~

...

Near-final

Annex B

Amendments to the Internal Capital Adequacy Assessment Part

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

...

15. REVERSE STRESS TESTING

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- 15.4 The design and results of a *firm's* reverse stress test must be documented and reviewed and approved by the *firm's senior management* or *governing body* at least every two years in the case of an *SDDT* and at least annually for any other *firm*~~at least annually by the *firm's senior management* or *governing body*.~~ A *firm* (including an *SDDT*) must update its reverse stress test more frequently if it is appropriate to do so in the light of substantial changes in the market or in macroeconomic conditions.

Annex C

Amendments to the Internal Liquidity Adequacy Assessment Part

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

...

11 STRESS TESTING

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- 11.2 A *firm* must consider alternative scenarios on liquidity positions and on risk mitigants and must review the assumptions underlying decisions concerning the funding position at least once every two years in the case of an SDDT or SDDT consolidation entity and at least annually in the case of any other firm. For these purposes, alternative scenarios must address, in particular, off-balance sheet items and other contingent liabilities, including those of *securitisation special purpose entities* or other special purpose entities, as referred to in the CRR in relation to which the *firm* acts as *sponsor* or provides material liquidity support.

...

13 INTERNAL LIQUIDITY ADEQUACY ASSESSMENT PROCESS

- 13.1 A *firm* must ensure that:

- (1) it regularly, but at least once every two years in the case of an SDDT or SDDT consolidation entity and at least annually in the case of any other firm, reviews its ILAAP;

...

Annex D

Amendments to the SDDT Regime – General Application Part

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

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4 INTERIM CAPITAL REGIME~~[DELETED]~~

- 4.1 ~~An ICR firm means a UK bank or building society to which the PRA has given a waiver modifying the effect of this rule such that the UK bank or building society is an ICR firm.~~~~[Deleted]~~
- 4.2 ~~An ICR consolidation entity means a CRR consolidation entity to which the PRA has given a waiver modifying the effect of this rule such that it is an ICR consolidation entity.~~~~[Deleted]~~
- 4.3 ~~If a firm consents to a waiver modifying 4.1 such that the firm becomes an ICR firm, the firm must certify to the PRA that, as of the day of giving consent, the firm meets the SDDT criteria.~~~~[Deleted]~~
- 4.4 ~~If an ICR firm ceases to meet the SDDT criteria, it must notify the PRA within the period of 14 days beginning with the day on which the firm ceases to meet the SDDT criteria.~~~~[Deleted]~~
- 4.5 ~~If a CRR consolidation entity consents to a waiver modifying 4.2 such that the CRR consolidation entity becomes an ICR consolidation entity, the CRR consolidation entity must certify to the PRA that, as of the day of giving consent, the SDDT consolidation criteria are satisfied.~~~~[Deleted]~~
- 4.6 ~~If the SDDT consolidation criteria cease to be satisfied, the ICR consolidation entity must notify the PRA within the period of 14 days beginning with the day on which the SDDT consolidation criteria cease to be satisfied.~~~~[Deleted]~~

Annex E

Amendments to the Glossary Part

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

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SDDT consolidation criteria

has the meaning given in SDDT Regime – General Application 2.2.

...

SDDT criteria

has the meaning given in SDDT Regime – General Application 2.1.

...

Near-final

Annex F

Amendments to the Capital Buffers Part

In this Annex, new text is underlined.

1 APPLICATION AND DEFINITIONS

- 1.1 This Part applies to *Article 109 undertakings* that are not SDDTs or SDDT consolidation entities and references to a *firm* in Chapters 2-4 should, as appropriate, be read to include all *Article 109 undertakings* that are not SDDTs or SDDT consolidation entities.

...

Near-final

Annex G

Amendments to the Counterparty Credit Risk (CRR) Part

The baseline is the existing Rulebook Part as it would stand on 1 January 2027 on the basis of rules made to date and on the basis that rules published in the near-final draft PRA Rulebook: CRR Firms: (CRR) Instrument [2025] accompanying PS19/25 will also have been made.

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

...

3 COUNTERPARTY CREDIT RISK (PART THREE, TITLE TWO, CHAPTER SIX CRR)

SECTION 1 DEFINITIONS

Article 271 DETERMINATION OF THE EXPOSURE VALUE

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2. An institution that is not an SDDT or an SDDT consolidation entity may, subject to paragraph 3 of this Article, determine the exposure value of repurchase transactions, securities or commodities lending or borrowing transactions, *long settlement transactions* and *margin lending transactions* in accordance with this Chapter instead of the Credit Risk Mitigation (CRR) Part.

...

SECTION 2 METHODS FOR CALCULATING THE EXPOSURE VALUE

Article 273 METHODS FOR CALCULATING THE EXPOSURE VALUE

1. Institutions that are not SDDTs or SDDT consolidation entities shall calculate the exposure value for the contracts listed in ~~Annex II of the CRR~~ Annex 1 of this Chapter on the basis of one of the methods set out in Sections 3 to 6 in accordance with this Article.

Institutions that are SDDTs or SDDT consolidation entities shall calculate the exposure value for the contracts listed in Annex 1 of this Chapter on the basis of one of the methods set out in Sections 3 to 5 in accordance with this Article.

An institution which does not meet the conditions set out in Article 273a(1) shall not use the method set out in Section 4. An institution which does not meet the conditions set out in Article 273a(2) shall not use the method set out in Section 5.

Institutions that are not SDDTs or SDDT consolidation entities may use in combination the methods set out in Sections 3 to 6 on a permanent basis within a group. A single institution that is not an SDDT or an SDDT consolidation entity shall not use in combination the methods set out in Sections 3 to 6 on a permanent basis.

Institutions that are SDDTs or SDDT consolidation entities may use in combination the methods set out in Sections 3 to 5 on a permanent basis within a group. A single institution that is an SDDT or an SDDT consolidation entity shall not use in combination the methods set out in Sections 3 to 5 on a permanent basis.

2. Where an institution is permitted by the PRA to disapply the methods set out in Sections 3 to 5 of this Chapter (if otherwise applicable) and to apply the method set out in Section 6 of this Chapter in accordance with Article 283(1), an institution that is not an SDDT or an SDDT consolidation entity shall determine the exposure value for the following items using the IMM set out in Section 6 of this Chapter:

- (a) the contracts listed in Annex 1 of this Chapter;
 - (b) repurchase transactions;
 - (c) securities or commodities lending or borrowing transactions;
 - (d) *margin lending transactions*;
 - (e) *long settlement transactions*,
- to the extent, and subject to any modifications set out in the *138BA permission*.

...

SECTION 6 INTERNAL MODEL METHOD

Article 283 PERMISSION TO USE THE INTERNAL MODEL METHOD

1. An institution, that is not an *SDDT* or *SDDT consolidation entity*, that has a *138BA permission* from the *PRA* to disapply the methods set out in Sections 3 to 5 of this Chapter (if otherwise applicable) and to apply the method set out in Section 6 of this Chapter shall use the Internal Model Method (IMM) to calculate the exposure value for any of the following transactions:
 - (a) transactions in Article 273(2)(a);
 - (b) transactions in Article 273(2)(b), (c) and (d);
 - (c) transactions in Article 273(2)(a) to (d),to the extent, and subject to any modifications, set out in the *138BA permission*.

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SECTION 9 OWN FUNDS REQUIREMENTS FOR EXPOSURES TO A CENTRAL COUNTERPARTY

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Article 304 TREATMENT OF CLEARING MEMBERS' EXPOSURES TO CLIENTS

1. An institution that acts as a *clearing member* and, in that capacity, acts as a financial intermediary between a *client* and a CCP shall calculate the own funds requirements for its *CCP-related transactions* with that *client*:
 - (a) in accordance with Sections 1 to 8 of this Chapter and the Credit Risk Mitigation (CRR) Part and the Credit Valuation Adjustment Risk Part, as applicable, if the institution is not an *SDDT* or an *SDDT consolidation entity*; or
 - (b) in accordance with Sections 1 to 5 and Sections 7 to 8 of this Chapter and the Credit Risk Mitigation (CRR) Part and the Credit Valuation Adjustment Risk Part, as applicable, if the institution is an *SDDT* or an *SDDT consolidation entity*.

...

Article 305 TREATMENT OF CLIENTS' EXPOSURES

1. An institution that is a *client* shall calculate the own funds requirements for its *CCP-related transactions* with its *clearing member*:
 - (a) in accordance with Sections 1 to 8 of this Chapter and the Credit Risk Mitigation (CRR) Part and the Credit Valuation Adjustment Risk Part, as applicable, if the institution is not an *SDDT* or an *SDDT consolidation entity*; or

- (b) in accordance with Sections 1 to 5 and Sections 7 to 8 of this Chapter and the Credit Risk Mitigation (CRR) Part and the Credit Valuation Adjustment Risk Part, as applicable, if the institution is an *SDDT* or an *SDDT consolidation entity*.

...

Article 306 OWN FUNDS REQUIREMENTS FOR TRADE EXPOSURES

...

3. An institution that is not an *SDDT* or an *SDDT consolidation entity* shall calculate exposure values of its trade exposures with a CCP in accordance with Sections 1 to 8 of this Chapter and with Section 4 of Chapter 4, as applicable.

An institution that is an *SDDT* or an *SDDT consolidation entity* shall calculate exposure values of its trade exposures with a CCP in accordance with Sections 1 to 5 and Sections 7 to 8 of this Chapter and with Section 4 of Chapter 4, as applicable.

...

Annex H

Amendments to the Credit Risk: General Provisions (CRR) Part

This annex presents draft rules amending a new Part of the PRA Rulebook, which is published in the near-final draft PRA Rulebook: CRR Firms: (CRR) Instrument [2024] accompanying PS9/24. The baseline assumes that rules published in that near-final draft instrument relating to the proposed Interim Capital Regime will not be made.

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

...

3 CREDIT RISK GENERAL PROVISIONS

Article 107 APPROACHES TO CREDIT RISK

...

2. For trade exposures and for default fund contributions to a central counterparty, institutions shall apply the treatment set out in Counterparty Credit Risk (CRR) Part Section 9 of Chapter 3 to calculate their risk-weighted exposure amounts for the purposes of points (a) and (f) of paragraph 3 of Required Level of Own Funds (CRR) Part Article 92, where applicable. For all other types of exposures to a central counterparty, institutions shall treat those exposures as follows:
 - (a) as exposures to an institution for other types of exposures to a qualifying CCP;
 - (b) as exposures to a corporate for other types of exposures to a non-qualifying CCP.

...

Annex I

Amendments to the Credit Risk: Standardised Approach (CRR) Part

This annex presents draft rules amending a new Part of the PRA Rulebook, which is published in the near-final draft PRA Rulebook: CRR Firms: (CRR) Instrument [2024] accompanying PS9/24. The baseline assumes that rules published in that near-final draft instrument relating to the proposed Interim Capital Regime will not be made. The baseline assumes that rules amending this Part published in the near-final draft PRA Rulebook: CRR Firms: (CRR) Instrument [2025] accompanying PS19/25 will also have been made.

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

...

4 STANDARDISED APPROACH

SECTION 1 GENERAL PRINCIPLES

Article 110A DUE DILIGENCE

1. This Article applies to an institution that is not an SDDT or SDDT consolidation entity and that is subject to the *Standardised Approach* to credit risk set out in this Part.
2. An institution shall perform due diligence to ensure that it has an adequate understanding of the risk profile, creditworthiness and characteristics of exposures to individual obligors and at a portfolio level.
3. The sophistication of the due diligence undertaken by the institution in accordance with paragraph 2 shall be appropriate to the nature, scale and complexity of the institution's activities.
4. As part of its obligations under paragraph 2, an institution shall:
 - (a) take reasonable and adequate steps to assess the operating and financial condition of each obligor;
 - (b) ensure that it has in place effective internal policies, processes, systems and controls to ensure that the appropriate risk-weighted exposure amounts are assigned to an obligor;
 - (c) perform the due diligence prior to incurring an exposure to an obligor and at least annually thereafter;
 - (d) to the extent reasonably practicable, perform the due diligence at the level of each individual exposure; and
 - (e) if applicable, take into account the extent to which membership of a corporate group affects an obligor's risk profile and credit worthiness.
5. The obligations in paragraph 2 do not apply to the exposures in scope of:
 - (a) points (a) to (c) of Article 112(1);
 - (b) Article 117(2); and
 - (c) Article 118(1).

Article 111 EXPOSURE VALUE

...

2. The exposure value of a derivative instrument listed in Annex 1 of Chapter 3 of the Counterparty Credit Risk (CRR) Part shall be determined in accordance with the Counterparty Credit Risk (CRR) Part with the effects of contracts of novation and other netting agreements taken into account for the purposes of those methods in accordance with the Counterparty Credit Risk Part. The exposure value of securities financing transactions and long settlement transactions shall be determined consistently with Credit Risk Mitigation (CRR) Part Article 191A and in accordance with either the Counterparty Credit Risk (CRR) Part or Chapter 3 of Credit Risk Mitigation (CRR) Part, except that an SDDT or SDDT consolidation entity must determine the exposure value consistently with Credit Risk Mitigation (CRR) Part Article 191A and in accordance with Chapter 3 of Credit Risk Mitigation (CRR) Part.

...

SECTION 2 RISK WEIGHTS

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Article 120 EXPOSURES TO RATED INSTITUTIONS

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4. An institution that is not an SDDT or SDDT consolidation entity shall conduct due diligence to ensure that the external credit assessments appropriately and prudently reflect the risk of the exposure to which the institution is exposed. If the due diligence analysis reflects higher risk characteristics than that implied by the credit quality step of the exposure, the institution shall assign a risk weight associated with a credit quality step that is at least one step higher than the risk weight determined by the external credit assessment.

...

Article 122 EXPOSURES TO CORPORATES

...

4. Where a credit assessment by a nominated ECAI is available, an institution that is not an SDDT or SDDT consolidation entity shall conduct due diligence to ensure that the external credit assessment appropriately and prudently reflects the risk of the exposure. If the due diligence analysis reflects higher risk characteristics than that implied by the credit quality step of the exposure, the institution shall assign a risk weight associated with a credit quality step that is at least one step higher than the risk weight determined by the external credit assessment.

...

Article 129 EXPOSURES IN THE FORM OF ELIGIBLE COVERED BONDS

...

- 4A. An institution that is not an SDDT or SDDT consolidation entity shall conduct due diligence to ensure that the external credit assessments appropriately and prudently reflect the creditworthiness of the *eligible covered bonds* to which the institution is exposed. If the due diligence analysis reflects higher risk characteristics than that implied by the credit quality step of the exposure, the institution shall assign a risk weight associated with a credit quality step that is at least one step higher than the risk weight determined by the external credit assessment.

...

Article 132 OWN FUNDS REQUIREMENTS FOR EXPOSURES IN THE FORM OF UNITS OR SHARES IN CIUS

...

8.

- (a) An institution shall notify the *PRA* if either:
- (i) the total risk-weighted exposure amounts for all of its exposures in the form of units or shares in *relevant CIUs* exceed 0.5% of the institution's total risk-weighted exposures for credit risk and dilution risk calculated in accordance with Title II of Part Three of *CRR* and the Credit Risk: General Provisions (CRR) Part, the Credit Risk: Standardised Approach (CRR) Part, the Credit Risk: Internal Ratings Based Approach (CRR) Part, the Credit Risk Mitigation (CRR) Part, the Securitisation (CRR) Part, and the Counterparty Credit Risk (CRR) Part; or
 - (ii) the total exposure values for all of its exposures in the form of units or shares in *relevant CIUs* exceed £500 million;

in each case calculated on an *individual basis* or *consolidated basis*.

...

- (c) An institution which has made or is required to have made a notification under point (a) of this paragraph shall also notify the *PRA* promptly when both the total risk-weighted exposure amounts and total exposure values are below the relevant thresholds set out in point (a)(i) and (ii) of this paragraph.

...

- (e) For the purpose of the threshold set out in point (a)(ii) of this paragraph, an *SDDT* or *SDDT consolidation entity* shall not include exposures in respect of which Article 92(4A) of the Required Level of Own Funds (CRR) Part provides that it should not calculate a risk-weighted exposure amount for the purpose of points (a) and (f) of Article 92(3) of that Part.

...

Article 132A APPROACHES FOR CALCULATING RISK-WEIGHTED EXPOSURE AMOUNTS OF CIUS

1. Where the conditions set out in Article 132(3) are met, an institution that has sufficient information about the individual underlying exposures of a CIU shall look through to those exposures to calculate the risk-weighted exposure amount of the CIU, risk weighting all underlying exposures of the CIU as if they were directly held by the institution.

When carrying out the calculations referred to in the first subparagraph, an *SDDT* or *SDDT consolidation entity* shall not risk weight an underlying exposure of the CIU if, because of Required Level of Own Funds (CRR) Part Article 92(4A), it would not be required to calculate a risk-weighted exposure amount for the purpose of Required Level of Own Funds (CRR) Part Article 92(3) if the exposure were directly held by the institution.

2. Where the conditions set out in Article 132(3) are met, an institution that does not have sufficient information about the individual underlying exposures of a CIU to use the look-through approach may calculate the risk-weighted exposure amount of those exposures in accordance with the limits set in the CIU's mandate and relevant law.

An institution shall carry out the calculations referred to in the first subparagraph under the assumption that the CIU first incurs exposures to the maximum extent allowed under its mandate or relevant law in the exposures attracting the highest own funds requirement and then continues incurring exposures in descending order until the maximum total exposure limit is reached, and that the CIU applies leverage to the maximum extent allowed under its mandate or relevant law, where applicable.

An institution shall carry out the calculations referred to in the first subparagraph in accordance with the methods set out in the Credit Risk: Standardised Approach (CRR) Part and Chapter 2 of Title II of Part Three of *CRR*, the Securitisation (CRR) Part, and in Sections 3, 4 or 5 of Chapter 3 of Counterparty Credit Risk (CRR) Part, as applicable.

When carrying out the calculations referred to in the first subparagraph, an *SDDT* or *SDDT consolidation entity* shall not calculate the risk-weighted exposure amount of an underlying exposure of the CIU if, because of Required Level of Own Funds (CRR) Part Article 92(4A), it would not be required to calculate a risk-weighted exposure amount for the purpose of Required Level of Own Funds (CRR) Part Article 92(3) if the exposure were directly held by the institution.

...

Annex J

Amendments to the Credit Valuation Adjustment Risk Part

This annex presents draft rules amending a new Part of the PRA Rulebook, which is published in the near-final draft PRA Rulebook: CRR Firms: (CRR) Instrument [2024] accompanying PS9/24. The baseline assumes that rules published in that near-final draft instrument relating to the proposed Interim Capital Regime will not be made.

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

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

- (1) a *firm* that is a *CRR firm* but not an *SDDT*; and
- (2) a *CRR consolidation entity* that is not an *SDDT consolidation entity*.

...

Annex K

Amendments to the Disclosure (CRR) Part

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

...

4. DISCLOSURE (PART EIGHT CRR)

...

Article 433b DISCLOSURES BY SMALL DOMESTIC DEPOSIT TAKERS, SDDT CONSOLIDATION ENTITIES AND SMALL AND NON-COMPLEX INSTITUTIONS

1. *SDDTs* and *SDDT consolidation entities* shall disclose the information outlined below with the following frequency:

...

- (b) on a semi-annual basis the key metrics referred to in Article 447, except Article 447(d).

...

Annex L

Amendments to the Large Exposures (CRR) Part

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

...

4 LARGE EXPOSURES (PART FOUR CRR)

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Article 390 CALCULATION OF EXPOSURE VALUE

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4. A *firm* must calculate the exposure values of the derivative contracts listed in ~~Annex II of the CRR~~ Annex 1 of Chapter 3 of the Counterparty Credit Risk (CRR) Part and of credit derivative contracts directly entered into with a client in accordance with one of the methods set out in Sections 3, 4 and 5 of the Counterparty Credit Risk (CRR) Part, as applicable. The exposure value for securities financing transactions must be calculated by a *firm* in accordance with the methods referred to in Section 4 of Chapter 4 of Title II of Part Three of *CRR*, as applicable. *Exposures* resulting from the transactions referred to in Articles 378, 379 and 380 of *CRR* must be calculated by a *firm* in the manner laid down in those Articles.

When calculating the exposure value for the contracts referred to in the first subparagraph, where those contracts are allocated to the trading book, a *firm* must also comply with the principles set out in Article 299 of *CRR*.

By way of derogation from the first subparagraph, a *firm* with permission to use the method referred to in Section 6 of Chapter 6 of Title II of Part Three of *CRR* may use that method for calculating the exposure value for securities financing transactions.

By way of derogation from the first subparagraph, SDDTs and SDDT consolidation entities shall calculate the exposure values of the derivative contracts listed in Annex 1 of Chapter 3 of the Counterparty Credit Risk (CRR) Part and of credit derivative contracts directly entered into with a client using the following formula to calculate an exposure value separately for each transaction:

Exposure value = $\alpha \cdot \max\{CMV, 0\}$

where:

α = 1.4; and

CMV = the current market value of the transaction gross of any collateral held or posted.

...

Annex M

Amendments to Leverage Ratio (CRR) Part

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

...

3 LEVERAGE RATIO (PART SEVEN CRR)

...

Article 429c CALCULATION OF THE EXPOSURE VALUE OF DERIVATIVES

...

6. By way of derogation from paragraph 1 of this Article:

- (a) institutions other than SDDTs and SDDT consolidation entities may use the *simplified standardised approach for counterparty credit risk* or the *original exposure method* to determine the exposure value of derivative contracts listed in points 1 and 2 of ~~Annex II of the CRR~~ Annex 1 of Chapter 3 of the Counterparty Credit Risk (CRR) Part, but only where they also use that method for determining the exposure value of those contracts for the purpose of meeting the own funds requirements set out in Article 92 of the CRR.

Where institutions apply one of the methods referred to in the first subparagraph, they shall not reduce the total exposure measure by the amount of margin they have received.

- (b) SDDTs and SDDT consolidation entities shall use the following formula to calculate the exposure value of derivative contracts listed in Annex 1 of Chapter 3 of the Counterparty Credit Risk (CRR) Part and of credit derivatives, including those that are off-balance sheet, in place of the calculation under paragraph 1, calculating an exposure value separately for each transaction:

$$\text{Exposure value} = \alpha \cdot \max \{ \text{CMV}, 0 \}$$

where:

$\alpha = 1.4$; and

CMV=the current market value of the transaction gross of any collateral held or posted.

Annex N

Amendments to the Market Risk: General Provisions (CRR) Part

This annex presents draft rules amending a new Part of the PRA Rulebook, which is published in the near-final draft PRA Rulebook: CRR Firms: (CRR) Instrument [2024] accompanying PS9/24. The baseline assumes that rules published in that near-final draft instrument relating to the proposed Interim Capital Regime will not be made.

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

1 APPLICATION AND DEFINITIONS

1.1 This Part applies to:

- (1) a *firm* that is a *CRR firm* but not an *SDDT*; and
- (2) a *CRR consolidation entity* that is not an *SDDT consolidation entity*.

...

Near-final

Annex O

Amendments to the Market Risk: Internal Model Approach (CRR) Part

This annex presents draft rules amending a new Part of the PRA Rulebook, which is published in the near-final draft PRA Rulebook: CRR Firms: (CRR) Instrument [2024] accompanying PS9/24. The baseline assumes that rules published in that near-final draft instrument relating to the proposed Interim Capital Regime will not be made.

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

1 APPLICATION AND DEFINITIONS

1.1 Subject to 1.2, this Part applies to:

- (1) a firm that is a *CRR firm* but not an *SDDT*; and
- (2) a *CRR consolidation entity* that is not an *SDDT consolidation entity*,

...

Near-final

Annex P

Amendments to the Market Risk: Advanced Standardised Approach (CRR) Part

This annex presents draft rules amending a new Part of the PRA Rulebook, which is published in the near-final draft PRA Rulebook: CRR Firms: (CRR) Instrument [2024] accompanying PS9/24. The baseline assumes that rules published in that near-final draft instrument relating to the proposed Interim Capital Regime will not be made.

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

1 APPLICATION AND DEFINITIONS

1.1 This Part applies to:

- (1) a *firm* that is a *CRR firm* but not an *SDDT*; and
- (2) a *CRR consolidation entity* that is not an *SDDT consolidation entity*.

...

Near-final

Annex Q

Amendments to the Market Risk: Simplified Standardised Approach (CRR) Part

This annex presents draft rules amending a new Part of the PRA Rulebook, which is published in the near-final draft PRA Rulebook: CRR Firms: (CRR) Instrument [2024] accompanying PS9/24. The baseline assumes that rules published in that near-final draft instrument relating to the proposed Interim Capital Regime will not be made.

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

1 APPLICATION AND DEFINITIONS

1.1 This Part applies to:

- (1) a *firm* that is a *CRR firm* but not an *SDDT*; and
- (2) a *CRR consolidation entity* that is not an *SDDT consolidation entity*.

...

Near-final

Annex R

Amendments to the Own Funds (CRR) Part.

The baseline is the existing Rulebook Part as it would stand on 1 January 2027 on the basis of rules made to date and on the basis that rules published in the near-final draft PRA Rulebook: CRR Firms: (CRR) Instrument [2025] accompanying PS19/25 will also have been made.

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

...

3 OWN FUNDS (PART TWO CRR)

...

Article 36 DEDUCTIONS FROM COMMON EQUITY TIER 1 ITEMS

1. Institutions shall deduct the following from Common Equity Tier 1 items:

...

- (h) the applicable amount of direct, indirect and synthetic holdings by the institution of Common Equity Tier 1 instruments and, where an institution is an SDDT or an SDDT consolidation entity, Additional Tier 1 and Tier 2 instruments, of financial sector entities where the institution does not have a significant investment in those entities;
- (i) the applicable amount of direct, indirect and synthetic holdings by the institution of the Common Equity Tier 1 instruments and, where an institution is an SDDT or an SDDT consolidation entity, Additional Tier 1 and Tier 2 instruments, of financial sector entities where the institution has a significant investment in those entities;

...

- (k) the exposure amount of the following items which qualify for a risk weight of 1,250%, where the institution deducts that exposure amount from the amount of Common Equity Tier 1 items as an alternative to applying a risk weight of 1,250%:

...

and where an institution is an SDDT or an SDDT consolidation entity, it must make the deductions required by Articles 36(1)(c), (h), (i) or (k) (i) to (iii) as calculated in accordance with Article 45A and, in the case of deductions required by sub-paragraphs (k)(i) to (iii), in full, with no risk weight applied.

...

[Note: This rule, except for the deletion of Article 36.1(m), together with Article 45A of the Own Funds (CRR) Part in relation to an SDDT or SDDT consolidation entity, corresponds to Article 36 of the CRR as it applied immediately before revocation by the Treasury.]

Article 38 DEDUCTION OF DEFERRED TAX ASSETS THAT RELY ON FUTURE PROFITABILITY

...

- 5. The amount of associated deferred tax liabilities referred to in paragraph 4 shall be allocated between the following:

- (a) deferred tax assets that rely on future profitability and arise from temporary differences that are not deducted in accordance with Article 48(1) or, where an institution is an SDDT or an SDDT consolidation entity, Article 45A;
- (b) all other deferred tax assets that rely on future profitability.

Institutions shall allocate the associated deferred tax liabilities according to the proportion of deferred tax assets that rely on future profitability that the items referred to in points (a) and (b) represent.

...

[Note: This rule, together with Article 45A of the Own Funds (CRR) Part in relation to an SDDT or SDDT consolidation entity, corresponds to Article 38 of CRR as it applied immediately before its revocation]

Article 44 **DEDUCTION OF HOLDINGS OF ~~COMMON EQUITY TIER 1~~ OWN FUNDS INSTRUMENTS AND OTHER CAPITAL INSTRUMENTS OF FINANCIAL SECTOR ENTITIES AND WHERE AN INSTITUTION HAS A RECIPROCAL CROSS HOLDING DESIGNED ARTIFICALLY TO INFLATE OWN FUNDS**

Institutions shall make the deductions referred to in points (g), (h) and (i) of Article 36(1) in accordance with the following:

- (a) holdings of Common Equity Tier 1 instruments and other capital instruments and, where an institution is an SDDT or an SDDT consolidation entity, Additional Tier 1 and Tier 2 instruments of financial sector entities shall be calculated on the basis of the gross long positions;
- (b) Tier 1 own-fund insurance items shall be treated as holdings of Common Equity Tier 1 instruments for the purposes of deduction; and
- (c) An SDDT or SDDT consolidation entity shall treat Additional Tier 1 own-fund insurance items as holdings of Additional Tier 1 instruments and Tier 2 own-fund insurance items as Tier 2 instruments for the purposes of deduction.

...

Article 45 **DEDUCTION OF HOLDINGS OF COMMON EQUITY TIER 1 INSTRUMENTS AND OTHER OWN FUNDS INSTRUMENTS OF FINANCIAL SECTOR ENTITIES**

Institutions shall make the deductions required by points (h) and (i) of Article 36(1) in accordance with the following provisions:

- (a) they may calculate direct, indirect and synthetic holdings of Common Equity Tier 1 instruments and, where applicable for SDDTs and SDDT consolidation entities, Additional Tier 1 and Tier 2 instruments, of the financial sector entities on the basis of the net long position in the same underlying exposure provided that both the following conditions are met:
 - (i) the maturity date of the short position is either the same as, or later than the maturity date of the long position or the residual maturity of the short position is at least one year;
 - (ii) either both the long position and the short position are held in the trading book or both are held in the non-trading book;

...

Article 45A DEDUCTIONS UNDER ARTICLE 36(1)(C), (H), (I) AND (K) FOR SDDTs AND SDDT CONSOLIDATION ENTITIES

1. This Article applies to *SDDTs and SDDT consolidation entities* when calculating deductions from Common Equity Tier 1 items in accordance with Articles 36(1)(c), (h), (i) or (k) (i) to (iii).
2. For the purposes of points (h) and (i) of Article 36(1), *SDDTs and SDDT consolidation entities* shall exclude from the amounts to be deducted underwriting positions held for five *working days* or fewer.
3.
 - (a) For the purposes of deductions under Article 36(1)(k)(i), a qualifying holding outside the financial sector is a holding in an undertaking that is not one of the following:
 - (i) a financial sector entity;
 - (ii) an undertaking, that is not a financial sector entity, carrying on activities which the PRA considers to be any of the following:
 - A a direct extension of banking;
 - B ancillary to banking;
 - C leasing, factoring, the management of unit trusts, the management of data processing services or any other similar activity.
 - (b) *Shares* of undertakings not referred to in points (i) and (ii) of paragraph 3(a) above shall not be included in calculating deductions under Article 36(1)(k)(i) where any of the following conditions is met:
 - (i) those *shares* are held temporarily during a financial assistance operation as referred to in Article 79;
 - (ii) the holding of those *shares* is an underwriting position held for five *working days* or fewer;
 - (iii) those *shares* are held in the own name of the institution and on behalf of others.
 - (c) The following shall not be included in an undertaking's calculation of the deduction required by Article 36(1)(k)(i):
 - (i) *shares* which are not participating interests;
 - (ii) *shares* in an affiliated undertaking;
 - (iii) securities that are intended for use on a continuing basis in the normal course of the undertaking's activities.
4. Subject to any deduction required by Article 36(1)(k) (i) to (iii) being made in full, *SDDTs and SDDT consolidation entities* are not required to deduct from Common Equity Tier 1 the amounts of items listed in point (a) of this paragraph which in aggregate are equal to or less than the threshold amount in point (b).
 - (a) the amounts of the following items:
 - (i) deferred tax assets that rely on future profitability and arise from temporary differences;
 - (ii) the amount of direct, indirect and synthetic holdings by the *SDDT* or *SDDT consolidation entity* of Common Equity Tier 1, Additional Tier 1, and Tier 2

- instruments of financial sector entities where the *SDDT* or *SDDT consolidation entity* does not have a significant investment in those entities;
- (iii) the amount of direct, indirect and synthetic holdings by the *SDDT* or *SDDT consolidation entity* of Common Equity Tier 1, Additional Tier 1, and Tier 2 instruments of financial sector entities where the *SDDT* or *SDDT consolidation entity* has a significant investment in those entities;
- (b) the threshold amount is 25% of the Common Equity Tier 1 items of the *SDDT* or *SDDT consolidation entity* calculated after applying the adjustments and deductions in Articles 32 to 36 in full and without applying the threshold exemptions specified in this Article.
5. For the purposes of paragraph 4, an institution shall determine the amount of each item listed in paragraph 4(a) not to be deducted by multiplying the amount in (a) of this paragraph by the proportion in (b) of this paragraph;
- (a) The amount of the item;
- (b) The proportion is (i) the total amount of the items not to be deducted in accordance with paragraph 4; divided by (ii) the total amount of all items in paragraph 4(a).
6. The amounts that are not deducted from Common Equity Tier 1 items shall be subject to the following risk weights:
- (a) deferred tax assets that rely on future profitability and arise from temporary differences shall be risk weighted at 250%;
- (b) the amount of direct, indirect and synthetic holdings by the *SDDT* or *SDDT consolidation entity* of Common Equity Tier 1, Additional Tier 1, and Tier 2 instruments of financial sector entities where the *SDDT* or *SDDT consolidation entity* does not have a significant investment in those entities shall be risk weighted at 250%;
- (c) the amount of direct, indirect and synthetic holdings by the *SDDT* or *SDDT consolidation entity* of Common Equity Tier 1, Additional Tier 1, and Tier 2 instruments of financial sector entities where the *SDDT* or *SDDT consolidation entity* does have a significant investment in those entities shall be risk weighted at 250%.
7. The amount of each item that must be deducted in accordance with Articles 36(1)(c), (h), and (i) is equal to the amount of the item minus the amount of the item not deducted, calculated in accordance with paragraph 5 of this Article.

[Note: This rule, in relation to *SDDTs* and *SDDT consolidation entities*, read together with Articles 36, 38, 50 and 56 of the Own Funds (CRR) Part, corresponds to Articles of the same Article number in *CRR* as those Articles applied immediately before their revocation.]

Article 46 DEDUCTION OF HOLDINGS OF COMMON EQUITY TIER 1 INSTRUMENTS WHERE AN INSTITUTION DOES NOT HAVE A SIGNIFICANT INVESTMENT IN A FINANCIAL SECTOR ENTITY

A1. This article does not apply to an *SDDT* or an *SDDT consolidation entity*.

...

**Article 47 DEDUCTION OF HOLDINGS OF COMMON EQUITY TIER 1 INSTRUMENTS
WHERE AN INSTITUTION HAS A SIGNIFICANT INVESTMENT IN A FINANCIAL
SECTOR ENTITY**

This article does not apply to an SDDT or an SDDT consolidation entity. For the purposes of point (i) of Article 36(1), the applicable amount to be deducted from Common Equity Tier 1 items shall exclude underwriting positions held for five *working days* or fewer and shall be determined in accordance with Articles 44, 45 and 48.

...

**Article 48 THRESHOLD EXEMPTIONS FROM DEDUCTION FROM COMMON EQUITY TIER
1 ITEMS**

A1. This article does not apply to an SDDT or an SDDT consolidation entity.

...

Article 50 COMMON EQUITY TIER 1 CAPITAL

The Common Equity Tier 1 capital of an institution shall consist of Common Equity Tier 1 items after the application of the adjustments required by Articles 32 to 35, the deductions required pursuant to Article 36 and the exemptions and alternatives laid down in Articles 45A, 48 and 79 (as applicable).

[Note: This rule, together with Article 45A of the Own Funds (CRR) Part in relation to a SDDT or an SDDT consolidation entity, corresponds to Article 50 of CRR as it applied immediately before its revocation]

...

Article 56 DEDUCTIONS FROM ADDITIONAL TIER 1 ITEMS

Institutions shall deduct the following from Additional Tier 1 items:

...

- (c) for institutions which are not SDDTs or SDDT consolidation entities, the applicable amount determined in accordance with Article 60 of direct, indirect and synthetic holdings of the Additional Tier 1 instruments of financial sector entities, where an institution does not have a significant investment in those entities;
- (d) for institutions which are not SDDTs or SDDT consolidation entities, direct, indirect and synthetic holdings by the institution of the Additional Tier 1 instruments of financial sector entities where the institution has a significant investment in those entities, excluding underwriting positions held for five *working days* or fewer;

...

[Note: This rule, together with Article 45A in relation to an SDDT or SDDT consolidation entity, corresponds to Article 56 of CRR as it applied immediately before its revocation]

Article 59 DEDUCTION OF HOLDINGS OF ADDITIONAL TIER 1 INSTRUMENTS OF FINANCIAL SECTOR ENTITIES

This article does not apply to an SDDT or an SDDT consolidation entity.

...

Article 60 DEDUCTION OF HOLDINGS OF ADDITIONAL TIER 1 INSTRUMENTS WHERE AN INSTITUTION DOES NOT HAVE A SIGNIFICANT INVESTMENT IN A FINANCIAL SECTOR ENTITY

A1. This article does not apply to an SDDT or an SDDT consolidation entity.

...

Article 66 DEDUCTIONS FROM TIER 2 ITEMS

The following shall be deducted from Tier 2 items:

...

- (c) for institutions which are not SDDTs or SDDT consolidation entities, the applicable amount determined in accordance with Article 70 of direct, indirect and synthetic holdings of the Tier 2 instruments of financial sector entities, where an institution does not have a significant investment in those entities;
- (d) for institutions which are not SDDTs or SDDT consolidation entities, direct, indirect and synthetic holdings by the institution of the Tier 2 instruments of financial sector entities where the institution has a significant investment in those entities, excluding underwriting positions held for fewer than five *working days*;

...

Article 69 DEDUCTION OF HOLDINGS OF TIER 2 INSTRUMENTS OF FINANCIAL SECTOR ENTITIES

This article does not apply to an SDDT or an SDDT consolidation entity.

...

Article 70 DEDUCTION OF TIER 2 INSTRUMENTS WHERE AN INSTITUTION DOES NOT HAVE A SIGNIFICANT INVESTMENT IN A RELEVANT ENTITY

A1. This article does not apply to an SDDT or an SDDT consolidation entity.

...

Article 84 MINORITY INTERESTS INCLUDED IN CONSOLIDATED COMMON EQUITY TIER 1 CAPITAL

1. Institutions shall determine the amount of minority interests of a subsidiary that is included in consolidated Common Equity Tier 1 capital by subtracting from the minority interests of that undertaking the result of multiplying the amount referred to in point (a) by the percentage referred to in point (b):
 - (a) the Common Equity Tier 1 capital of the subsidiary minus the lower of the following:

- (i) the amount of Common Equity Tier 1 capital of that subsidiary required to meet the following:
 - A the sum of the requirement laid down in point (a) of Article 92(1) of *CRR*, the requirements referred to in Articles 458 and 459 of *CRR*, the specific own funds requirements referred to in regulation 34 of the Capital Requirements Regulations 2013, the combined buffer defined in the Capital Buffers Part (where applicable to the *firm* concerned), and the requirements referred to in any additional local supervisory regulations in *third countries* insofar as those requirements are to be met by Common Equity Tier 1 capital; or
- ...
- (ii) the amount of consolidated Common Equity Tier 1 capital that relates to that subsidiary that is required on a *consolidated basis* to meet the sum of the requirement laid down in point (a) of Article 92(1) of *CRR*, the requirements referred to in Articles 458 and 459 of *CRR*, the specific own funds requirements referred to in regulation 34 of the Capital Requirements Regulations 2013, the combined buffer defined in the Capital Buffers Part (where applicable to the *firm* concerned), and the requirements referred to in any additional local supervisory regulations in *third countries* insofar as those requirements are to be met by Common Equity Tier 1 capital;

...

Article 85 QUALIFYING TIER 1 INSTRUMENTS INCLUDED IN CONSOLIDATED TIER 1 CAPITAL

1. Institutions shall determine the amount of qualifying *Tier 1 capital* of a subsidiary that is included in consolidated own funds by subtracting from the qualifying *Tier 1 capital* of that undertaking the result of multiplying the amount referred to in point (a) by the percentage referred to in point (b):
 - (a) the *Tier 1 capital* of the subsidiary minus the lower of the following:
 - (i) the amount of *Tier 1 capital* of the subsidiary required to meet the following:
 - A the sum of the requirement laid down in point (b) of Article 92(1) of *CRR*, the requirements referred to in Articles 458 and 459 of *CRR*, the specific own funds requirements referred to in regulation 34 of the Capital Requirements Regulations 2013, the combined buffer defined in the Capital Buffers Part (where applicable to the *firm* concerned), and the requirements referred to in any additional local supervisory regulations in *third countries* insofar as those requirements are to be met by *Tier 1 capital*; or
 - ...
 - (ii) the amount of consolidated *Tier 1 capital* that relates to the subsidiary that is required on a *consolidated basis* to meet the sum of the requirement laid down in point (b) of Article 92(1) of *CRR*, the requirements referred to in Articles 458 and 459 of *CRR*, the specific own funds requirements referred to in regulation 34 of the Capital Requirements Regulations 2013, the combined buffer defined in the Capital Buffers Part (where applicable to the *firm* concerned), and the requirements referred to in any additional local supervisory regulations in *third countries* insofar as those requirements are to be met by *Tier 1 capital*;

...

Article 87 QUALIFYING OWN FUNDS INCLUDED IN CONSOLIDATED OWN FUNDS

1. Institutions shall determine the amount of qualifying own funds of a subsidiary that is included in consolidated own funds by subtracting from the qualifying own funds of that undertaking the result of multiplying the amount referred to in point (a) by the percentage referred to in point (b):
- (a) the own funds of the subsidiary minus the lower of the following:
 - (i) the amount of own funds of the subsidiary required to meet the following:
 - A the sum of the requirement laid down in point (c) of Article 92(1) of *CRR*, the requirements referred to in Articles 458 and 459 of *CRR*, the specific own funds requirements referred to in regulation 34 of the Capital Requirements Regulations 2013, the combined buffer defined in the Capital Buffers Part (where applicable to the firm concerned), and any additional local supervisory regulations in *third countries*; or
 - ...
 - (ii) the amount of own funds that relates to the subsidiary that is required on a *consolidated basis* to meet the sum of the requirement laid down in point (c) of Article 92(1) of *CRR*, the requirements referred to in Articles 458 and 459 of *CRR*, the specific own funds requirements referred to in regulation 34 of the Capital Requirements Regulations 2013, the combined buffer defined in the Capital Buffers Part (where applicable to the firm concerned), and any additional local supervisory own funds requirement in *third countries*;
- ...

Article 89 RISK WEIGHTING OF QUALIFYING HOLDINGS OUTSIDE THE FINANCIAL SECTOR

A1. This article does not apply to an SDDT or an SDDT consolidation entity.

...

Article 90 ALTERNATIVE TO 1250% RISK WEIGHT

This article does not apply to an SDDT or an SDDT consolidation entity. As an alternative to applying a 1250% risk weight to the amounts in excess of the limits specified in Article 89(1) and (2), institutions may deduct those amounts from Common Equity Tier 1 items in accordance with point (k) of Article 36(1).

...

Article 91 EXCEPTIONS

A1. This article does not apply to an SDDT or an SDDT consolidation entity.

...

4. RULES SUPPLEMENTING THE CRR WITH REGARDS TO OWN FUNDS REQUIREMENTS (PREVIOUSLY REGULATION (EU) NO 241/2014)

...

**Article 10 LIMITATIONS ON REDEMPTION OF CAPITAL INSTRUMENTS ISSUED BY
MUTUALS, SAVINGS INSTITUTIONS, CO-OPERATIVES SOCIETIES AND
SIMILAR INSTITUTIONS FOR THE PURPOSE OF ARTICLE 29(2)(B) OF
CHAPTER 3**

...

3. ...

- (b) the amount of Common Equity Tier 1 capital, Tier 1 and total capital compared to the total risk exposure amount calculated in accordance with the requirements laid down in point (a) of Article 92(1) of the *CRR*, the specific own funds requirements referred to in regulation 34 of the *Capital Requirements Regulations* and the combined buffer as defined in the Capital Buffers Part (where applicable to the *firm* concerned).

...

Article 15H HOLDINGS OF ADDITIONAL TIER 1 AND TIER 2

...

The methodology referred to in Articles 15a to 15f of this Chapter 4 of the Own Funds (CRR) Part shall apply mutatis mutandis to Additional Tier 1 holdings and Tier 2 holdings for the purposes of deductions by *SDDTs* and *SDDT consolidation entities* pursuant to points (h) and (i) of Article 36(1) of Chapter 3 of the Own Funds (CRR) Part, where references to holdings of Common Equity Tier 1 shall be read as references to holdings of Additional Tier 1 or Tier 2, as applicable.

...

**Article 30 CONTENT OF THE APPLICATION TO BE SUBMITTED BY THE INSTITUTION
FOR THE PURPOSES OF ARTICLE 77(1) OF THE CRR**

- 1. The application referred to in Article 29 shall be accompanied by the following information:

...

- (d) Present and forward-looking information, that shall cover at least a three year period, on the amounts and percentages corresponding to the following requirements for own funds and eligible liabilities, including the level and composition of own funds before and after the performing of the action and the impact on regulatory requirements:

...

- (iii) combined buffer as defined in the Capital Buffers Part (where applicable to the *firm* concerned).

...

Annex S

Amendments to the Regulatory Reporting Part

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

The baseline is the existing Rulebook Part as it would stand on 1 January 2027 on the basis of rules made to date and on the basis that rules published in the near-final draft PRA Rulebook: CRR Firms: (CRR) Instrument [2024] accompanying PS9/24 will also have been made.

...

16 DATA ITEMS AND OTHER FORMS

...

16.27A PRA117 can be found here.

...

16.28A PRA118 can be found here.

...

20 CAPITAL+ REPORTS

...

20.19 The first frequency period for the purposes of 20.18(3) is:

- (1) where the *data item* required to be submitted under 20.18(3) is PRA114 or PRA118, one year starting from:
...
- (2) where the *data item* required to be submitted under 20.18(3) is PRA112, ~~or PRA113, or PRA117~~, the frequency period specified in column (3) of the *Capital+ reporting table*, starting with the next *Capital+ reference date* after the *Capital+ changeover date* which caused 20.18 to apply.

...

20.21 The *Capital+ reporting table* below sets out, in respect of the requirements to submit *data items* in this Chapter:

...

Capital+ reporting table

Column 1	Column 2	Column 3	Column 4	Column 5
(<i>Capital+ condition</i>)	(<i>data item</i>)	(frequency)	(due date)	(rules which set out basis or bases on which <i>data item</i> should be completed)
<i>Capital+ condition 1</i>	PRA112	Monthly	15 <i>business days</i>	20.22, 20.22A
<i>Capital+ condition 2</i>	PRA112	Monthly	15 <i>business days</i>	20.23

Capital+ condition 3	PRA112	Quarterly	15 <i>business days</i>	20.22, 20.22A
Capital+ condition 4	PRA112	Quarterly	15 <i>business days</i>	20.23
Capital+ condition 5	PRA113 <u>Unless the firm is an SDDT or SDDT consolidation entity, in which case PRA117 shall apply</u>	Half yearly	30 <i>business days</i>	20.24, 20.22A
Capital+ condition 6	PRA113 <u>Unless the firm is an SDDT or SDDT consolidation entity, in which case PRA117 shall apply</u>	Half yearly	30 <i>business days</i>	20.23
Capital+ condition 7	PRA114 <u>Unless the firm is an SDDT or SDDT consolidation entity, in which case PRA118 shall apply</u>	Annually	30 <i>business days</i>	20.24
Capital+ condition 8	PRA114 <u>Unless the firm is an SDDT or SDDT consolidation entity, in which case PRA118 shall apply</u>	Annually	30 <i>business days</i>	20.23

...

Annex T

Amendments to the Reporting (CRR) Part

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

The baseline is the existing Rulebook Part as it would stand on 1 January 2027 on the basis of rules made to date and on the basis that rules published in the near-final draft PRA Rulebook: CRR Firms: (CRR) Instrument [2024] accompanying PS9/24 will also have been made.

...

4. REPORTING (PART SEVEN A CRR)

...

Article 430 REPORTING ON PRUDENTIAL REQUIREMENTS AND FINANCIAL INFORMATION

1. Institutions shall report to their *competent authorities* on:

....

(g) the level of asset encumbrance, including a breakdown by the type of asset encumbrance, such as repurchase agreements, securities lending, securities exposures or loans;

(h) where the institution is an SDDT or SDDT consolidation entity, the application of the SDDT criteria and the SDDT consolidation criteria;

(i) where the institution is an SDDT or SDDT consolidation entity, their derivatives, securities financing and long settlement transactions.

...

5. REPORTING REQUIREMENTS

...

CHAPTER 3 FORMAT AND FREQUENCY OF REPORTING ON OWN FUNDS, OWN FUND REQUIREMENTS

A1. Articles 5 to 8 below do not apply to an SDDT or an SDDT consolidation entity.

...

CHAPTER 3A FORMAT AND FREQUENCY OF REPORTING ON OWN FUNDS, OWN FUND REQUIREMENTS FOR SDDTs AND SDDT CONSOLIDATION ENTITIES

A1. Articles 9, 9A, 9B and 10 below apply only to SDDTs and SDDT consolidation entities.

Article 9 INDIVIDUAL BASIS – QUARTERLY REPORTING (SDDTs)

1. In order to report: (a) information on own funds and on own funds requirements in accordance with point (a) of Article 430(1) of the Reporting (CRR) Part on an individual basis, (b) information relating to the application of the SDDT criteria and the SDDT consolidation criteria in accordance with point (h) of Article 430(1) of the Reporting (CRR) Part and (c) information on derivatives, securities financing and long settlement transactions on an individual basis in accordance with point (i) of Article 430(1) of the Reporting (CRR) Part, institutions shall submit

information as set out in the following paragraphs with a quarterly frequency. Institutions shall submit information in accordance with paragraphs 2 to 8 of this Article.

2. Information relating to own funds and own funds requirements shall be submitted as specified in templates SC 01.00, SC 0.200, SC 03.00 and SC 04.00 of Annex IA, in accordance with the instructions in point 1 of Part II of Annex IIA.
3. Information on credit risk and counterparty credit risk exposures treated under the *Standardised Approach* shall be submitted as specified in template SC 07.00 of Annex IA, in accordance with the instructions in point 3.2 of Part II of Annex IIA.
4. Information on the geographical distribution of exposures by country, as well as aggregated at a total level, shall be submitted as specified in templates SC 09.01 and SC 09.04 of Annex IA, in accordance with the instructions in point 3.4 of Part II of Annex IIA. Information specified in template SC 09.01, and in particular information on the geographical distribution of exposures by country, shall be submitted where non-domestic original exposures in all non-domestic countries in all exposure classes, as reported in row 0850 of template SC 04.00 of Annex IA, are equal to or higher than 10% of total domestic and non-domestic original exposures as reported in row 0860 of template SC 04.00 of Annex IA. Exposures shall be deemed to be domestic where they are exposures to counterparties located in the *United Kingdom*. The entry and exit criteria of Article 4 shall apply.
5. Information on derivatives, securities financing and long settlement transactions shall be submitted as specified in template SC 34.00 of Annex IA, in accordance with the instructions in point 3.9 of Part II of Annex IIA.
6. Information on securitisation exposures shall be submitted as specified in template SC 13.01 of Annex IA, in accordance with the instructions in point 3.7 of Part II of Annex IIA.
7. Information on own funds requirements, the *Business Indicator Component*, the *Business Indicator* and its components, relating to operational risk shall be submitted as specified in template SC 16.00 of Annex IA, in accordance with the instructions in point 4.1 of Annex IIA.
8. Information on the institution's foreign-exchange positions and on the size of its trading book business shall be submitted as specified in templates SC 22.00 and SC 90.00 of Annex IA, in accordance with the instructions in points 5.5 and 5.7 of Part II of Annex IIA.

Article 9A INDIVIDUAL BASIS – SEMI-ANNUAL REPORTING (SDDTs)

1. In order to report information on own funds and on own funds requirements in accordance with point (a) of Article 430(1) of the Reporting (CRR) Part on an individual basis, institutions shall submit information as set out in the following paragraph with a semi-annual frequency. Institutions shall submit information in accordance with paragraph 2 of this Article.
2. Information on all securitisation exposures shall be reported as specified in templates SC 14.00 and SC 14.01 of Annex IA, in accordance with the instructions in point 3.8 of Part II of Annex IIA;

Institutions shall be exempted from submitting those securitisation details where they are part of a group and are subject to own funds requirements in the *United Kingdom* on a consolidated basis.

Article 9B INDIVIDUAL BASIS – ANNUAL REPORTING (SDDTs)

1. In order to report information on own funds and on own funds requirements in accordance with point (a) of Article 430(1) of the Reporting (CRR) Part on an individual basis, institutions shall submit information as set out in the following paragraph with an annual frequency.

2. Institutions which have a *Business Indicator* greater than £880 million shall submit information on annual loss data for historical losses and the Internal Loss Multiplier for each year over the preceding 10 year period, as specified in template SC 16.00 of Annex IA, in accordance with the instructions in point 4.1 of Annex IIA.

Article 10 REPORTING ON A CONSOLIDATED BASIS (SDDTS)

In order to report: (a) information on own funds and on own funds requirements in accordance with point (a) of Article 430(1) of the Reporting (CRR) Part on a consolidated basis, (b) information relating to the application of the *SDDT consolidation criteria* in accordance with point (h) of Article 430(1) of the Reporting (CRR) Part and (c) information on derivatives, securities financing and long settlement transactions on a consolidated basis in accordance with point (i) of Article 430(1) of the Reporting (CRR) Part, institutions shall submit:

- (a) the information specified in Articles 9, 9A and 9B on a consolidated basis with the frequency specified therein;
- (b) the information specified in templates SC 06.01 and SC 06.02 of Annex IA, in accordance with the instructions provided in point 2 of Part II of Annex IIA regarding entities included in the scope of consolidation, with a semi-annual frequency.

...

CHAPTER 7 FORMAT AND FREQUENCY OF REPORTING ON THE LEVERAGE RATIO ON AN INDIVIDUAL AND CONSOLIDATED BASIS

Article 15 FORMAT AND FREQUENCY OF REPORTING ON THE LEVERAGE RATIO ON AN INDIVIDUAL AND A CONSOLIDATED BASIS

...

- 1A. SDDTs and *SDDT consolidation entities* shall not report templates LV 40.00, LV 41.00, LV43.00 or LV44.00.

...

6 TEMPLATES AND INSTRUCTIONS

Annex I

...

2.56 [Deleted.]

Annex IA

- 6.56A Annex IA Template SC 01.00 can be found here.
- 6.56B Annex IA Template SC 02.00 can be found here.
- 6.56C Annex IA Template SC 03.00 can be found here.
- 6.56D Annex IA Template SC 04.00 can be found here.
- 6.56E Annex IA Template SC 06.01 can be found here.

6.56F Annex IA Template SC 06.02 can be found here.

6.56G Annex IA Template SC 07.00 can be found here.

6.56H Annex IA Template SC 09.01 can be found here.

6.56I Annex IA Template SC 09.04 can be found here.

6.56J Annex IA Template SC 13.01 can be found here.

6.56K Annex IA Template SC 14.00 can be found here.

6.56L Annex IA Template SC 14.01 can be found here.

6.56M Annex IA Template SC 34.00 can be found here.

6.56N Annex IA Template SC 16.00 can be found here.

6.56O Annex IA Template SC 22.00 can be found here.

6.56P Annex IA Template SC 90.00 can be found here.

Annex II

...

2.57 [Deleted.]

Annex IIA

6.57A Annex IIA can be found here.

...

Annex X

...

6.254 Annex X Template LV 47.00 can be found ~~here~~here.

...

Annex U

Amendments to the Reporting Pillar 2 Part

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

...

2 PILLAR 2 REPORTING REQUIREMENTS

2.1 A firm must complete the *data item* FSA071 for the risk assessments required in the ICAA Part. If the firm is an SDDT or an SDDT consolidation entity it must complete *data item* PRA119 instead of FSA071.

2.2 A firm other than an SDDT or an SDDT consolidation entity must complete the *data items* FSA078 and FSA079 for concentration risk.

...

2.4 A firm other than an SDDT or an SDDT consolidation entity with significant illiquid risk in its trading book must complete the *data item* FSA080 for market risk, unless the data required in that *data item* has already been reported to the PRA by other means.

...

2.7 A firm other than an SDDT or an SDDT consolidation entity must complete the *data item* FSA076 for any wholesale portfolio of exposures for which capital requirements are calculated using the *Standardised Approach to credit risk*.

2.8 A firm other than an SDDT or an SDDT consolidation entity must complete the *data item* FSA077 for any retail portfolio of exposures for which capital requirements are calculated using the *Standardised Approach to credit risk*.

...

4 DATA ITEMS

...

4.1A PRA119 can be found here.

...

4.13 PRA111 can be found ~~here~~here.

...

Annex V

Amendments to the Required Level of Own Funds (CRR) Part

This annex presents draft rules amending a new Part of the PRA Rulebook, which is published in the near-final draft PRA Rulebook: CRR Firms: (CRR) Instrument [2024] accompanying PS9/24. The baseline assumes that rules published in that near-final draft instrument relating to the proposed Interim Capital Regime will not be made. The baseline assumes that rules amending this Part published in the near-final draft PRA Rulebook: CRR Firms: (CRR) Instrument [2025] accompanying PS19/25 will also have been made.

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

1. APPLICATION AND DEFINITIONS

1.1 This Part applies to:

- (1) a *firm* that is a *CRR firm* ~~but not an ICR firm~~; and
- (2) a *CRR consolidation entity* ~~that is not an ICR consolidation entity~~.

1.2 In this Part, the following definitions shall apply:

clearing member

means a clearing member as defined in point (14) of Article 2 of Regulation (EU) No 648/2012.

...

4 REQUIRED LEVEL OF OWN FUNDS

Article 92 OWN FUNDS REQUIREMENTS

...

3. The un-floored total risk exposure amount shall be calculated as the sum of points (a) to (f) of this paragraph after having taken into account paragraphs 4 and 4A:
- (a) the risk-weighted exposure amounts for credit risk and dilution risk, calculated in accordance with Title II of Part Three of *CRR*, the *credit risk rules*, the Counterparty Credit Risk (CRR) Part and Settlement Risk (CRR) Part Article 379 in respect of all the business activities of an institution, excluding risk-weighted exposure amounts arising from the trading book business of the institution;
 - (b) the own funds requirements for the trading book business of an institution for the following:
 - (i) market risk as calculated in accordance with the *market risk rules*;
 - (ii) large exposures exceeding the limits specified in Large Exposures (CRR) Part Articles 395 to 401, to the extent that an institution is permitted to exceed those limits, as calculated in accordance with the Large Exposures (CRR) Part;
 - (c) the own funds requirements for market risk as calculated in accordance with the *market risk rules* for all business activities that are subject to foreign exchange risk or commodity risk;
 - (ca) the own funds requirements for settlement risk calculated in accordance with Settlement Risk (CRR) Part Articles 378 and 380;

- (d) the own funds requirements calculated in accordance with the Credit Valuation Adjustment Risk Part;
 - (e) the own funds requirements calculated in accordance with the Operational Risk Part;
 - (f) the risk-weighted exposure amounts calculated in accordance with Title II of Part Three of CRR, the *credit risk rules* and the Counterparty Credit Risk (CRR) Part for counterparty credit risk arising from the trading book business of the institution for the following types of transactions and agreements:
 - (i) contracts listed Annex 1 of Chapter 3 of the Counterparty Credit Risk (CRR) Part and credit derivatives;
 - (ii) repurchase transactions, securities or commodities lending or borrowing transactions based on securities or commodities;
 - (iii) margin lending transactions based on securities or commodities;
 - (iv) long settlement transactions.
- 3A. The standardised total risk exposure amount shall be calculated as the sum of points (a) to (f) of paragraph 3 after having taken into account paragraphs 4 and 4A and the following requirements:
- (a) the risk-weighted exposure amounts for credit risk and dilution risk referred to in point (a) of paragraph 3 and for counterparty credit risk arising from the trading book business referred to in point (f) of paragraph 3 shall be calculated without using any of the following approaches:
 - (i) the *SFT VaR Method*;
 - (ii) the *IRB Approach* provided for in the Credit Risk: Internal Ratings Based Approach (CRR) Part except that, where permission to use the Internal Ratings Based Approach has been given, exposures for which a credit assessment by a nominated ECAI is not available and are not covered by paragraph 14 of Credit Risk: Standardised Approach (CRR) Part Article 122 may be assigned the risk weights set out in points (a) and (b) of paragraph 9 of Credit Risk: Standardised Approach (CRR) Part Article 122;
 - (iii) the Securitisation Internal Ratings Based Approach set out in Securitisation (CRR) Part Articles 258 to 260A and the Internal Assessment Approach set out in Securitisation (CRR) Part Article 265;
 - (iv) the Internal Model Method approach set out in Section 6 of the Counterparty Credit Risk (CRR) Part.
 - (b) the own funds requirements for market risk for the trading book business referred to in point (b)(i) of paragraph 3 and for all its business activities that are subject to foreign exchange risk or commodity risk referred to in point (c) of paragraph 3 shall be calculated without using the internal model approach set out in the Market Risk: Internal Model Approach (CRR) Part.
- ...
- 4A. Where an institution is an SDDT or SDDT consolidation entity, paragraph 3 applies subject to the following modifications:

(a) for the purpose of points (a) and (f) of paragraph 3:

- (i) subject to points (iii) to (v), *SDDTs* and *SDDT consolidation entities* shall not calculate risk-weighted exposure amounts in respect of contracts listed in Annex 1 of Chapter 3 of the Counterparty Credit Risk (CRR) Part;
- (ii) subject to points (iii) to (v), *SDDTs* and *SDDT consolidation entities* shall not calculate risk-weighted exposure amounts in respect of credit derivatives where doing so would require the exposure value to be calculated in accordance with one of the methods set out in Sections 3, 4 and 5 of the Counterparty Credit Risk (CRR) Part;
- (iii) where an *SDDT* is a *clearing member* of a central counterparty, the *SDDT* shall calculate risk-weighted exposure amounts in respect of its trade exposures with the central counterparty and its exposures arising from its contributions to the default fund of the central counterparty;
- (iv) where a member of its *consolidation group* is a *clearing member* of the central counterparty, an *SDDT consolidation entity* shall, when complying with this Part on the basis of its consolidated situation, calculate risk-weighted exposure amounts in respect of trade exposures of the *clearing member* with the central counterparty and exposures arising from contributions of the *clearing member* to the default fund of the central counterparty;
- (v) this point (a) does not affect any requirement to calculate risk-weighted exposure amounts in respect of securitisation positions that result from derivative instruments listed in Annex 1 of Chapter 3 of the Counterparty Credit Risk (CRR) Part;
- (b) by way of derogation from point (b) of paragraph 3, institutions that are *SDDTs* or *SDDT consolidation entities* must calculate the own funds requirement for their trading book business in accordance with paragraph 2A of Article 94 of the Trading Book (CRR) Part; and
- (c) points (c) and (d) of paragraph 3 do not apply to an *SDDT* or an *SDDT consolidation entity*.

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Annex W

Amendments to the SDDT Regime – General Application Part

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

The baseline is the existing Rulebook Part as it would stand on 1 January 2027 on the basis of rules made to date.

1 APPLICATION AND DEFINITIONS

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1.2 In this Part, the following definitions shall apply:

...

relevant credit exposures

means the exposures referred to in template C 09.04 of Annex 1 to the Reporting (CRR) Part and in the instructions for completion of that template in point 3.4.3 of Part II of Annex II to the Reporting (CRR) Part, or in template SC 09.04 of Annex IA to the Reporting (CRR) Part and the instructions for completion of that template in point 3.4.3 of Part II of Annex IIA to the Reporting (CRR) Part, as applicable.

~~SDDT consolidation criteria~~

~~has the meaning given in 2.2.~~

~~SDDT criteria~~

~~has the meaning given in 2.1.~~

...

2 SMALL DOMESTIC DEPOSIT TAKERS CRITERIA

...

2.4 The recent average of the ratio referred to in 2.1(2)(a) is to be calculated as follows.

- (1) Identify the occasions (remittance dates) in the preceding 36 *months* by which the *firm* was required to report the geographical location of its *relevant credit exposures* using template C 09.04 of Annex I of Reporting (CRR) Part or template SC 09.04 of Annex IA of that Part, as applicable.
- (2) For each of those occasions, using the information that the *firm* was required to report subject to any adjustment in accordance with 2.6, calculate the ratio of the amount of *relevant credit exposures* located in the *UK* to the total amount of *relevant credit exposures* across all jurisdictions.
- (3) Calculate the arithmetic mean of those ratios (expressed as a percentage).

2.5 For the purpose of 2.1(2) and 2.4(2), whether a *relevant credit exposure* is located in the *UK* is to be determined in accordance with the instructions in point 3.4.3 of Part II of Annex II of Reporting (CRR) Part for completing template C 09.04 of Annex I of that Part or the instructions in point 3.4.3 of Part II of Annex IIA to the Reporting (CRR) Part for completing template SC 09.04 of Annex IA of that Part, as applicable, subject to any adjustment in accordance with 2.6.

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2.9 The following provisions apply in relation to the calculation of a *firm's* overall net foreign-exchange position for the purpose of 2.1(4):

- (1) subject to permission from the *PRA* under section 138BA of *FSMA*, an *SDDT* or *SDDT consolidation entity* may use the method set out in Article 352 of *CRR*:

 - (a) as if it held a permission referred to in Article 352(1) of the Market Risk: Simplified Standardised Approach (CRR) Part to calculate delta itself, and
 - (b) as if that permission set out any provisions that are specified in a permission granted in relation to this rule about the extent to which the institution may calculate delta itself and any modifications to which the institution's entitlement to calculate delta itself is subject;
- (2) subject to permission from the *PRA* under section 138BA of *FSMA*, an *SDDT* or *SDDT consolidation entity* may, when using the method set out in Article 352 of *CRR*, exclude any risk positions which an institution uses to hedge against the adverse effect of foreign exchange rates on any of its capital ratios in accordance with Article 92 of the Required Level of Own Funds (CRR) Part, to the extent and subject to any modifications set out in the permission.
- 2.10 An *SDDT* or *SDDT consolidation entity* that has been granted the permission referred to in 2.9(1) must comply with the requirements set out in the first sub-paragraph of Article 352(1) of the Market Risk: Simplified Standardised Approach (CRR) Part.
- 2.11 An *SDDT* or *SDDT consolidation entity* that has been granted the permission referred to in 2.9(2) must comply with the requirements set out in the first sub-paragraph of Article 325(9) of the Market Risk: General Provisions (CRR) Part.

...

Annex X

Amendments to the Securitisation (CRR) Part

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

This annex presents draft rules amending a new Part of the PRA Rulebook, which is published in the near-final draft PRA Rulebook: CRR Firms: (CRR) Instrument [2025] accompanying PS19/25.

...

Article 244 TRADITIONAL SECURITISATION

1. The originator institution of a *traditional securitisation* may exclude underlying exposures from its calculation of risk-weighted exposure amounts and, where relevant, expected loss amounts if either of the following conditions is fulfilled:
 - (a) significant credit risk associated with the underlying exposures has been transferred to third parties;
 - (b) the originator institution, if it is not an SDDT or an SDDT consolidation entity, applies a 1250% risk weight to all securitisation positions it holds in the securitisation or deducts these securitisation positions from Common Equity Tier 1 items in accordance with Article 36(1)(k) of the Own Funds (CRR) Part or, if it is an SDDT or an SDDT consolidation entity, applies the deduction from Common Equity Tier 1 as determined in accordance with Article 36(1)(k) and Article 45A of the Own Funds (CRR) Part.

...

Article 245 SYNTHETIC SECURITISATION

1. The originator institution of a *synthetic securitisation* may calculate risk-weighted exposure amounts, and, where relevant, expected loss amounts with respect to the underlying exposures in accordance with Articles 251 and 252, where one of the following conditions is met:
 - (a) significant credit risk has been transferred to third parties either through funded or unfunded credit protection;
 - (b) the originator institution, if it is not an SDDT or an SDDT consolidation entity, applies a 1250% risk weight to all securitisation positions that it retains in the securitisation or deducts these securitisation positions from Common Equity Tier 1 items in accordance with Article 36(1)(k) of the Own Funds (CRR) Part or, if it is an SDDT or an SDDT consolidation entity, applies the deduction from Common Equity Tier 1 items as determined in accordance with Article 36(1)(k) and Article 45A of the Own Funds (CRR) Part;

...

Article 253 REDUCTION IN RISK-WEIGHTED EXPOSURE AMOUNTS

1. For an institution that is not an SDDT or an SDDT consolidation entity, ~~Where~~ a securitisation position is assigned a 1250% risk weight under Articles 247 to 270A, an institution may deduct the exposure value of such position from Common Equity Tier 1 capital in accordance with Article 36(1)(k) of the Own Funds (CRR) Part as an alternative to including the position in their calculation of risk-weighted exposure amounts. For that purpose, the calculation of the exposure value may reflect eligible funded credit protection in accordance with Article 249.

2. Where an institution that is not an SDDT or an SDDT consolidation entity makes use of the alternative set out in paragraph 1, it may subtract the amount deducted in accordance with Article 36(1)(k) of the Own Funds (CRR) Part from the amount specified in Article 268 as maximum capital requirement that would be calculated in respect of the underlying exposures as if they had not been securitised.
3. Where an institution is an SDDT or an SDDT consolidation entity, and a securitisation position is assigned a 1250% risk weight under Articles 247 to 270A, the institution must apply the deduction from Common Equity Tier 1 items as determined in accordance with Article 36(1)(k) and Article 45A of the Own Funds (CRR) Part. For that purpose, the calculation of the exposure value may reflect eligible funded credit protection in accordance with Article 249.
4. Where an institution is an SDDT or an SDDT consolidation entity, and a deduction is made pursuant to paragraph 3, the institution may subtract from the amount deducted the amount specified in Article 268 as maximum capital requirement that would be calculated in respect of the underlying exposures as if they had not been securitised.

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Annex Y

Amendments to the Settlement Risk (CRR) Part

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

This annex presents draft rules amending a new Part of the PRA Rulebook, which is published in the near-final draft PRA Rulebook: CRR Firms: (CRR) Instrument [2025] accompanying PS19/25.

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3 OWN FUNDS REQUIREMENTS FOR SETTLEMENT RISK (PART THREE, TITLE V, CRR)

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Article 379 FREE DELIVERIES

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Table 2 Capital treatment for free deliveries

Column 1	Column 2	Column 3	Column 4
Transaction Type	Up to first contractual payment or delivery leg	From first contractual payment or delivery leg up to four days after second contractual payment or delivery leg	From 5 <i>business days</i> post second contractual payment or delivery leg until extinction of the transaction
Free delivery	No capital charge	Treat as an exposure	For an institution that is not an <i>SDDT or SDDT consolidation entity</i> , Treat as an exposure risk weighted at 1250%. For an institution that is an <i>SDDT or SDDT consolidation entity</i> , deduct from Common Equity Tier 1 items pursuant to Article 36(1)(k) and Article 45A of the Own Funds (CRR) Part.

...

Annex Z

Amendments to the Trading Book (CRR) Part

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

3 TRADING BOOK (PART THREE TITLE I CHAPTER 1, AND ARTICLE 94, CRR)

Article 94 DEROGATION FOR SMALL TRADING BOOK

1. By way of derogation from point (b) of Article 92(3), institutions that are not SDDTs or SDDT consolidation entities may calculate the own funds requirement for their trading book business in accordance with paragraph 2 of this Article, provided that the size of the institutions' on- and off-balance-sheet trading book business is equal to or less than both of the following thresholds on the basis of an assessment carried out on a monthly basis using the data as of the last day of the month:
 - (a) 5% of the institution's total assets;
 - (b) GBP 44 million.
2. Where both conditions set out in points (a) and (b) of paragraph 1 are met, institutions that are not SDDTs or SDDT consolidation entities may calculate the own funds requirement for their trading book business as follows:
 - (a) for the contracts listed in point 1 of ~~Annex II of the CRR~~ Annex 1 of Chapter 3 of the Counterparty Credit Risk (CRR) Part, contracts relating to equities which are referred to in point 3 of that Annex and credit derivatives, institutions may exempt those positions from the own funds requirement referred to in point (b) of Article 92(3);
 - (b) for trading book positions other than those referred to in point (a) of this paragraph, institutions may replace the own funds requirement referred to in point (b) of Article 92(3) with the requirement calculated in accordance with point (a) of Article 92(3).
- 2A. Institutions that are SDDTs or SDDT consolidation entities must calculate the own funds requirement for their trading book business as follows:
 - (a) for the contracts listed in point 1 of Annex 1 of Chapter 3 of the Counterparty Credit Risk (CRR) Part, contracts relating to equities which are referred to in point 3 of that Annex and credit derivatives, institutions must exempt those positions from the own funds requirement referred to in point (b) of Article 92(3);
 - (b) for trading book positions other than those referred to in point (a) of this paragraph, institutions must replace the own funds requirement referred to in point (b) of Article 92(3) with the requirement calculated in accordance with point (a) of Article 92(3).
- ...
4. Where both conditions set out in points (a) and (b) of paragraph 1 of this Article are met, or where an institution is an SDDT or an SDDT consolidation entity, irrespective of the obligations set out in provisions implementing Articles 74 and 83 of Directive 2013/36/EU, Article 102(3) and Articles 103 of this Chapter 3 of the Trading Book (CRR) Part of the PRA Rulebook shall not apply to an institution.
5. Institutions that are not SDDTs or SDDT consolidation entities shall notify the competent authorities when they calculate, or cease to calculate, the own funds requirements of their trading-book business in accordance with paragraph 2.

6. An institution that is not an SDDT or an SDDT consolidation entity that no longer meets one or more of the conditions set out in paragraph 1 shall immediately notify the competent authority thereof.
7. An institution that is not an SDDT or an SDDT consolidation entity shall cease to calculate the own funds requirements of its trading book business in accordance with paragraph 2 within three months of one of the following occurring:
 - (a) the institution does not meet the conditions set out in point (a) or (b) of paragraph 1 for three consecutive months;
 - (b) the institution does not meet the conditions set out in point (a) or (b) of paragraph 1 during more than 6 out of the last 12 months.
8. Where an institution that is not an SDDT or an SDDT consolidation entity has ceased to calculate the own funds requirements of its trading book business in accordance with this Article, it shall only be permitted to calculate the own funds requirements of its trading book business in accordance with this Article where it demonstrates to the competent authority that all the conditions set out in paragraph 1 have been met for an uninterrupted full-year period.

[Note: This is a *permission* under section 144G and 192XC of *FSMA* to which Part 8 of the *Capital Requirements Regulations* applies]

9. Institutions shall not enter into, buy or sell a trading book position for the sole purpose of complying with any of the conditions set out in paragraph 1 during the monthly assessment.
10. Institutions that are SDDTs or SDDT consolidation entities shall not enter into, buy or sell a trading book position for the sole purpose of satisfying the criteria in SDDT Regime – General Application 2.1(3).

[Note: Paragraphs 1 to 9 of tThis rule corresponds to Article 94 of the *CRR* as it applied immediately before revocation by the *Treasury*.]

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