PRA RULEBOOK: CRR FIRMS: LARGE EXPOSURES OMNIBUS INSTRUMENT 2026

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 192J (Rules requiring provision of information by parent undertakings);
(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 instruments) of the Act.

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

Part	Annex
Large Exposures (CRR)	A
Large Exposures	B
Group Financial Support	C
Reporting (CRR)	D

Templates, Annexes and instruction documents

D. The rules in this instrument include any template or 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

E. This instrument comes into force on 1 January 2028.

Citation

F. This instrument may be cited as the PRA Rulebook: CRR Firms: Large Exposures Omnibus Instrument 2026.

By order of the Prudential Regulation Committee

20 October 2026

Annex A

Amendments to the Large Exposures (CRR) Part

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

1 APPLICATION AND DEFINITIONS

…

1.2 In this Part, the following definitions shall apply:

…

Higher NCLEG exemption

means the exemption in Article 400(5) that arises from a *firm* having obtained a *Higher NCLEG permission*.

Higher NCLEG permission

means a permission given by the *PRA* to apply the *Higher NCLEG exemption* under Article 400(2)(c).

…

legacy NCLEG non-trading book permission

means a permission given by the *PRA* to apply the *NCLEG non-trading book exemption* under one of the following:

(1) prior to *IP completion day*, Article 400(2)(c) of Regulation of the European Parliament and of the Council (575/2013/EU) on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012;

(2) from *IP completion day* to 31 December 2021, Article 400(2)(c) of *CRR*; or

(3) on or after 1 January 2022 and on or before 31 December 2027, Article 400(2)(c).

legacy NCLEG permission

means a *legacy NCLEG non-trading book permission* or a *legacy NCLEG trading book permission*.

legacy NCLEG trading book permission

means a permission given by the *PRA* to apply the *NCLEG trading book exemption* under one of the following:

(1) prior to *IP completion day*, Article 400(2)(c) of Regulation of the European Parliament and of the Council (575/2013/EU) on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012;

(2) from *IP completion day* to 31 December 2021, Article 400(2)(c) of *CRR*; or

(3) on or after 1 January 2022 and on or before 31 December 2027, Article 400(2)(c).

legacy sovereign large exposures exemption

means the exemption in 3.1 of the Large Exposures Part, as it had effect on 31 December 2027.

legacy sovereign large exposures permission

means a permission given by the *PRA* to apply the *legacy sovereign large exposures exemption* under one of the following:

(1) prior to *IP completion day*, Article 400(2)(g) or (h) of Regulation of the European Parliament and of the Council (575/2013/EU) on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012;

(2) from *IP completion day* to 31 December 2021, Article 400(2)(g) or (h) of *CRR*; or

(3) on or after 1 January 2022 and on or before 31 December 2027, Article 400(2)(g) or (h).

NCLEG exemption

means the exemption in Article 400(5) that arises from a *firm* having obtained an *NCLEG permission*.

NCLEG non-trading book exemption

means the exemption in 2.1 of the Large Exposures Part, as it had effect on 31 December 2027.

NCLEG permission

means a permission given by the *PRA* to apply the *NCLEG exemption* under Article 400(2)(c).

NCLEG trading book exemption

means the exemption in 2.2 of the Large Exposures Part, as it had effect on 31 December 2027.

non-core large exposures group or *NCLEG*

means all counterparties that:

(1) are listed in a *firm's NCLEG permission, Higher NCLEG permission* or *legacy NCLEG permission* (as applicable); and

(2) in relation to a *firm*, satisfy the applicable conditions in Article 400(5) to (6C).

…

resolution exposure

means an *exposure* to *resolution liabilities* that ensures that losses can be absorbed and passed from the *firm* to its resolution entity.

resolution liabilities

means liabilities that meet the following criteria:

(1) the instrument that creates the liabilities must be issued and fully paid up;

(2) the liabilities are not secured or guaranteed by the *firm*, its parent undertaking or any subsidiaries of the *firm* or its parent undertaking;

(3) the liabilities have a minimum effective remaining maturity of one year (where liabilities include an incentive to redeem, the maturity date shall, for the purposes of determining eligibility, be considered to be the date at which the incentive arises);

(4) the liabilities do not depend on derivatives for their value (put or call options will not in and of themselves be sufficient to disqualify a liability for this purpose absent any other dependency on derivatives);

(5) the liabilities are not subject to contractual set-off or netting arrangements;

(6) the liabilities are able to absorb losses and recapitalise the issuer of the liability, such as through being written down and/or converted to equity, without the use of stabilisation or resolution powers at the level of the issuer of the liability;

(7) the liabilities are subordinated to the operating liabilities of the issuer; and

(8) the liabilities do not take the form of equity.

trading book exposure allocation

means the allocation in Article 400(6B)(a) or (b) (as applicable).

…

4 LARGE EXPOSURES (PART FOUR CRR)

…

ARTICLE 390 CALCULATION OF EXPOSURE VALUE

…

4. A *firm* must 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 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*~~Articles 218 to 236 of the Credit Risk Mitigation (CRR) Part, as applicable. *Exposures* resulting from the transactions referred to in Articles 378, 379 and 380 of ~~*CRR*~~the Settlement Risk (CRR) Part 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 Articles 299 and 299A of ~~*CRR*~~the Counterparty Credit Risk (CRR) Part.

~~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.

…

ARTICLE 395 LIMITS TO LARGE EXPOSURES

…

5. The limits laid down in this Article may be exceeded for the *exposures* incurred by a *firm* to its parent undertaking (including through participations or other kinds of holdings), other subsidiaries of that parent undertaking or to its own subsidiaries and qualifying holdings in the *firm's* trading book, provided that all the following conditions are met:

   (a) the *firm's* total *exposures* in the non-trading book to ~~the client or *group of connected clients* in question does~~these entities do not exceed the limit laid down in paragraph 1, this limit being calculated with reference to *Tier 1 capital*, so that the excess arises entirely in the trading book;

   (b) the *firm* meets an additional own funds requirement in respect of the part of the *exposures* in excess of the limit laid down in paragraph 1 of this Article which is calculated in accordance with ~~Articles 397 and 398~~paragraph 5B; and

   (c) ~~where 10 days or less have elapsed since the excess referred to in point (b) occurred,~~ the total trading-book *exposures* to ~~the client or *group of connected clients* in question~~these entities does not exceed ~~500%~~85% of the *firm's Tier 1 capital*~~; and~~.

   (d) ~~any excesses that have persisted for more than 10 days do not, in aggregate, exceed 600% of the *firm's Tier 1 capital*.~~[deleted]

   ~~Each time the limit has been exceeded, the *firm* must report to the *PRA* without delay the amount of the excess and the name of the client concerned and, where applicable, the name of the *group of connected clients* concerned.~~

5A. The limits laid down in this Article may be exceeded for the *exposures* incurred by a *firm* to a client or a *group of connected clients* in the *firm's* trading book, provided that all the following conditions are met:

   (a) the *exposures* referred to in this paragraph are not incurred by a *firm* to its parent undertaking (including through participations or other kinds of holdings), other subsidiaries of that parent undertaking or to its own subsidiaries and qualifying holdings;

   (b) the *firm's* total *exposures* in the non-trading book to the client or *group of connected clients* in question do not exceed the limit laid down in paragraph 1, this limit being calculated with reference to *Tier 1 capital*, so that the excess arises entirely in the trading book;

   (c) the *firm* meets an additional own funds requirement in respect of the part of the *exposures* in excess of the limit laid down in paragraph 1 of this Article which is calculated in accordance with paragraph 5B;

   (d) the *exposures* do not exceed 85% of the *firm's Tier 1 capital*; and

   (e) the limits are not exceeded for longer than 10 *business days*.

   Each time the limit has been exceeded, the *firm* must report to the *PRA* without delay the amount of the excess and the name of the client concerned, and, where applicable, the name of the *group of connected clients* concerned.

5B. The *firm* must calculate the additional own funds requirement in each of paragraph 5(b) and 5A(c) by multiplying the value of the part of the *exposures* in excess of the limit by a risk weight of 100%.

…

ARTICLE 397 CALCULATING ADDITIONAL OWN FUNDS REQUIREMENTS FOR LARGE EXPOSURES IN THE TRADING BOOK [DELETED]

1. ~~A *firm* must calculate the excess referred to in Article 395(5)(b) by selecting those components of the total trading *exposure* to the client or *group of connected clients* in question which attract the highest specific-risk requirements in Part Three, Title IV, Chapter 2 of *CRR* and/or requirements in Article 299 of *CRR* and Part Three, Title V of *CRR*, the sum of which equals the amount of the excess referred to in point (a) of Article 395(5).~~[Deleted]

2. ~~Where the excess has not persisted for more than 10 days, the additional capital requirement shall be 200% of the requirements referred to in paragraph 1, on these components.~~[Deleted]

3. ~~As from 10 days after the excess has occurred, the components of the excess, selected in accordance with paragraph 1, shall be allocated to the appropriate line in Column 1 of Table 1 in ascending order of specific-risk requirements in Part Three, Title IV, Chapter 2 of *CRR* and/or requirements in Article 299 of *CRR* and Part Three, Title V of *CRR*. The additional own funds requirement shall be equal to the sum of the specific-risk requirements in Part Three, Title IV, Chapter 2 of *CRR* and/or the Article 299 of *CRR* and Part Three, Title V of *CRR* requirements on these components, multiplied by the corresponding factor in Column 2 of Table 1.~~[Deleted]

   ~~**Table 1:**~~

~~Column 1: Excess over the limits (on the basis of a percentage of *Tier 1 capital*)~~	~~Column 2: Factors~~
~~Up to 40%~~	~~200%~~
~~From 40% to 60%~~	~~300%~~
~~From 60% to 80%~~	~~400%~~
~~From 80% to 100%~~	~~500%~~
~~From 100% to 250%~~	~~600%~~
~~Over 250%~~	~~900%~~

~~[Note: This rule corresponds to Article 397 of *CRR* as it applied immediately before revocation by the *Treasury*]~~

ARTICLE 398 PROCEDURES TO PREVENT FIRMS~~INSTITUTIONS~~ FROM AVOIDING THE ~~ADDITIONAL OWN FUNDS~~ REQUIREMENT IN ARTICLE 395(5A)(E)

1. A *firm* must not deliberately avoid the ~~additional own funds~~ requirement~~s~~ set out in Article 397395(5A)(e) that ~~it would otherwise incur, on *exposures* exceeding the limit laid down in Article 395(1) once those *exposures* have been maintained~~ the limits described in paragraph 5A of that Article are not exceeded for more than 10 ~~days~~*business days*, by means of temporarily transferring the ~~exposures~~*exposures* in question to another company, whether within the same group or not, and/or by undertaking artificial transactions to close out the *exposure* during the 10-*business day*~~day~~ period and create a new ~~exposure~~*exposure*.

2. A *firm* must maintain systems which ensure that any transfer which has the effect referred to in ~~the first subparagraph~~paragraph 1 is immediately reported to the *PRA*.

[Note: This rule corresponds to Article 398 of *CRR* as it applied immediately before revocation by the *Treasury*]

…

ARTICLE 400 EXEMPTIONS

1. The following *exposures* shall be exempted from the application of Article 395(1):

…

(j) *clearing members'* trade ~~exposures~~*exposures* and default fund contributions to qualifying central counterparties, and any portions of *exposures* that are treated as *exposures* to a collateral issuer or protection provider pursuant to Article 403(1) where the collateral or protection is received or provided in relation to these transactions and recognised in the calculation of these trade *exposures*; ~~and~~

(k) [Deleted]

(l) clients' trade ~~exposures~~*exposures* referred to in Article 305(2) or (3) of the Counterparty Credit Risk (CRR) Part, and any portions of *exposures* that are treated as *exposures* to a collateral issuer or protection provider pursuant to Article 403(1) where the collateral or protection is received or provided in relation to these transactions and recognised in the calculation of these trade *exposures*~~.~~;

(m) portions of *exposures* that are treated as *exposures* to a collateral issuer pursuant to Article 403(1)(b) where the collateral issuer is a central government or a central bank; and

(n) portions of *exposures* that are treated as *exposures* to a collateral issuer pursuant to Article 403(1)(b) where the collateral is received under a tri-party repurchase agreement facilitated by a tri-party agent.

…

1B. A *firm* must exclude from the limit in Article 395(1) *resolution exposures* to:

(a) its parent undertaking;

(b) other subsidiaries of that parent undertaking; or

(c) its own subsidiaries,

in so far as those *undertakings* are covered by the supervision on a *consolidated basis* to which the *firm* itself is subject or in accordance with equivalent standards in force in a *third country*.

2. A *firm* may with the prior permission of the *PRA* treat as fully or partially exempt from the application of Article 395(1) the following types of *exposures*:

(a) [Deleted]

(b) [Deleted]

(c) *exposures* incurred by a *firm*, including through participations or other kinds of holdings, to its *parent undertaking*, to other subsidiaries of that *parent undertaking*, or to its own subsidiaries and qualifying holdings, in so far as those *undertakings* are covered by the supervision on a *consolidated basis* to which the *firm* itself is subject, or in accordance with ~~*CRR*, *United Kingdom* enactments and rules which implemented Directive 2002/87/EC or with~~ equivalent standards in force in a *third country*; *exposures* that do not meet those

criteria, whether or not exempted from Article 395(1), must be treated as *exposures* to a third party;

[Note: 'NCLEG ~~trading book~~ permissions', ~~and~~ 'Higher NCLEG ~~non-trading book~~ permissions' and 'legacy NCLEG permissions' (as defined in rule 1.2 ~~of the Large Exposures Part~~) are or have been granted by the *PRA* under this subparagraph]

(d) [Deleted]

(e) [Deleted]

(f) [Deleted]

(g) asset items constituting claims on central banks in the form of required minimum reserves held at those central banks which are denominated in their national currencies; and

(h) asset items constituting claims on central governments in the form of statutory liquidity requirements held in government securities which are denominated and funded in their national currencies provided that the credit assessment of those central governments assigned by a nominated ECAI is investment grade.

[Note: ~~'Sovereign large exposures permissions'~~'Legacy sovereign large exposures permissions' (as defined in rule 1.2 ~~of the Large Exposures Part~~) ~~are~~have been granted by the *PRA* under subparagraphs (g) and (h)]

(i) [Deleted]

(j) [Deleted]

(k) [Deleted]

[Note: Article 400(2) permissions are granted under sections 144G and 192XC of *FSMA* to which Part 8 of the *Capital Requirements Regulations* applies]

…

5. A *firm* with an *NCLEG permission* or *Higher NCLEG permission* may (in accordance with the applicable permission and subject to the applicable provisions of paragraphs 6 to 6B) exempt, from the application of Article 395(1):

   (a) non-trading book *exposures*;

   (b) trading book *exposures* up to its *trading book exposure allocation*;

   (c) participations or other kinds of holdings pertaining to (a) or (b),

   incurred by the *firm* to members of its *NCLEG* that are its parent undertaking, other subsidiaries of that parent undertaking or its own subsidiaries, in so far as those *undertakings* are covered by the supervision on a *consolidated basis* to which the *firm* itself is subject or in accordance with equivalent standards in force in a *third country*.

6. In respect of both *NCLEG permissions* and *Higher NCLEG permissions*:

   (a) a *firm* must calculate the total amount of such *exposures* after taking into account the effect of credit risk mitigation in accordance with Articles 399 to 403; and

   (b) with respect to the application of the requirements in this Part on a *consolidated basis*, a *firm* must treat the total amount of *exposures* that are exempt in accordance with an *NCLEG permission* or *Higher NCLEG permission* on an individual basis as exempt from the limit in Article 395(1) on a *consolidated basis*.

6A. In respect of non-trading book *exposures*, a *firm* may only use the *NCLEG exemption* or *Higher NCLEG exemption* (as applicable) where the total amount of non-trading book *exposures*

(whether or not exempted from Article 395(1)) from the *firm* to its *NCLEG* does not exceed 100% of the *firm's Tier 1 capital*.

6B. In respect of trading book *exposures*, the *trading book exposure allocation* for a *firm* is:

(a) in the case of an *NCLEG permission*, 100% of the *firm's Tier 1 capital* less the total amount of non-trading book *exposures* (whether or not exempted from Article 395(1)) from the *firm* to its *NCLEG*; or

(b) in the case of a *Higher NCLEG permission*, 350% of the *firm's Tier 1 Capital* less the total amount of non-trading book *exposures* (whether or not exempted from Article 395(1)) from the *firm* to its *NCLEG*.

6C. A *firm* with a *legacy NCLEG permission* may exempt from the application of Article 395(1) *exposures* to the counterparties specified in the applicable permission in accordance with paragraph 5, subject to the provisions in paragraphs 6, 6A and 6B(a).

[Note: Article 400(2)(c) of *CRR*]

7. A *firm* with a *core UK group permission* and either a *Higher NCLEG permission* or an *NCLEG permission* or a *legacy NCLEG permission* (as applicable) must give the *PRA* written notice whenever:

(a) the total amount of *exposures* from the *core UK group* (including the *firm*) to a particular member of the *firm's NCLEG* is likely to exceed, or has exceeded, 25% of the *Tier 1 capital* of the *PRA*-authorised *firm* with the largest *Tier 1 capital* base in the *core UK group*;

(b) the total *exposures* from the members of its *core UK group* (which are not *firms*) to the *firm's NCLEG* are likely to exceed, or have exceeded, 25% of the *Tier 1 capital* of the *PRA*-regulated *firm* with the largest *Tier 1 capital* base in the *core UK group*,

in each case setting out details of the size and expected duration of those *exposures* as well as an explanation of the reason the relevant *exposures* were incurred.

8. A *firm* with a *legacy sovereign large exposures permission* may exempt the asset items in paragraphs 2(g) and (h) from the application of Article 395(1) to the extent specified in the applicable *legacy sovereign large exposures permission* but subject to the condition in paragraph 9.

9. A *firm* with a *legacy sovereign large exposures permission* must not apply the exemption in accordance with paragraph 8 unless the asset items specified in the permission meet the relevant requirements in paragraphs 2(g) and (h) on a continuing basis.

[Note: Article 400(2)(g)-(h) of *CRR*]

[Note: This rule corresponds to Article 400 of *CRR* as it applied immediately before revocation by the *Treasury*]

ARTICLE 401 CALCULATING THE EFFECT OF THE USE OF CREDIT RISK MITIGATION TECHNIQUES

1. For calculating the value of *exposures* for the purposes of Article 395(1), a *firm* ~~may~~must use the fully adjusted exposure value (E*) as calculated under ~~Chapter 4 of Title II of Part Three of *CRR*~~Chapter 3 of the Credit Risk Mitigation (CRR) Part taking into account the credit risk mitigation, volatility adjustments, and any maturity mismatch referred to in that Chapter.

…

4. Where a *firm* reduces an *exposure* to a client using an eligible credit risk mitigation technique in accordance with Article 399(1), ~~and Article 403 applies,~~ the *firm*, in the manner set out in Article 403, must treat the part of the *exposure* by which the *exposure* to the client has been reduced

as having been incurred for the collateral issuer or the protection provider rather than for the client.

[Note: This rule corresponds to Article 401 of *CRR* as it applied immediately before revocation by the *Treasury*]

…

ARTICLE 403 SUBSTITUTION APPROACH

1. Where an *exposure* to a client is guaranteed by a third party or is secured by collateral issued by a third party, excluding cash collateral, a *firm* ~~may~~must:

   (a) treat the portion of the *exposure* which is guaranteed as an *exposure* to the guarantor rather than to the client~~, provided that the unsecured *exposure* to the guarantor would be assigned a risk weight that is equal to or lower than the risk weight of the unsecured *exposure* to the client under Chapter 2 of Title II of Part Three of *CRR*~~; and

   (b) treat the portion of the *exposure* which is collateralised ~~by the market value of recognised collateral~~ as an *exposure* to the ~~third party~~collateral issuer rather than to the client~~, provided that the *exposure* is secured by collateral and provided that the collateralised portion of the *exposure* would be assigned a risk weight that is equal to or lower than the risk weight of the unsecured *exposure* to the client under Chapter 2 of Title II of Part Three of *CRR*~~.

   ~~The approach referred to in point (b) of the first subparagraph must not be used by a *firm* where there is a mismatch between the maturity of the *exposure* and the maturity of the protection.~~

   ~~For the purpose of this Part, a *firm* may use both the Financial Collateral Comprehensive Method and the treatment set out in point (b) of the first subparagraph of this paragraph only where it is permitted to use both the Financial Collateral Comprehensive Method and the Financial Collateral Simple Method for the purposes of Article 92 of *CRR*.~~

1A. For the purpose of paragraph 1(b), the *exposure* assigned to the collateral issuer is the lower of:

   (a) the amount by which the *firm's exposure* to the client is reduced in accordance with the Credit Risk Mitigation (CRR) Part, the Counterparty Credit Risk (CRR) Part, and Article 390(4) (as applicable); and

   (b) the market value of the collateral.

…

3. For the purposes of point (b) of paragraph 1, a *firm* may replace the amount in point (a) of this paragraph with the amount in point (b) of this paragraph, provided that the conditions set out in points (c)~~,~~ and (d) ~~and (e)~~ of this paragraph are met:

   …

   (e) ~~the sum of the amount of the limit referred to in point (b) of this paragraph and any other *exposures* of the *firm* to the collateral issuer does not exceed the limit set out in Article 395(1).~~[deleted]

   …

Annex B

Amendments to the Large Exposures Part

This Part is deleted.

Part

LARGE EXPOSURES [DELETED]

This Part has been deleted in its entirety.

Annex C

Amendments to the Group Financial Support Part

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

…

4 CONDITIONS FOR GROUP FINANCIAL SUPPORT

4.1

…

(8) where a *firm* provides the financial support, it complies at the time when the financial support is provided, with the requirements relating to large exposures laid down in ~~the *CRR* and in~~ the Large Exposures (CRR) Part, and the provision of the financial support must not cause the *firm* to infringe those requirements; and

…

Annex D

Amendments to the Reporting (CRR) Part

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

…

6 TEMPLATES AND INSTRUCTIONS

…

Annex IX

6.249 Annex IX can be found ~~here~~here.

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