

PRA RULEBOOK: CRR FIRMS: GROUPS (LEVEL OF APPLICATION) INSTRUMENT 2018**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
 - (2) section 137T (General supplementary powers)
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

Pre-conditions to making

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

PRA Rulebook: CRR Firms: Groups (Level of Application) Instrument 2018

- D. The PRA makes the rules in Annexes A – K to this instrument.

Part	Annex
Glossary	A
Capital Buffers	B
General Organisational Requirements	C
Internal Capital Adequacy Assessment	D
Internal Liquidity Adequacy Assessment	E
Leverage Ratio	F
Liquidity Coverage Requirement- Designated Investment Firms	G
Regulatory Reporting	H
Reporting Pillar 2	I
Risk Control	J
Skills, Knowledge and Expertise	K

Commencement

- E. This instrument comes into force on 30 March 2018.

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Groups (Level of Application) Instrument 2018.

By order of the Prudential Regulation Committee

27 March 2018

Annex A

Amendments to the Glossary

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

...

consolidation group

means the undertakings that a firm is required to include ~~included~~ in the scope of consolidation pursuant to Articles 18(4), ~~18(8)~~, 19(4), ~~19(3)~~ and 23 of the CRR and Groups 2.1- 2.3.

...

sub-consolidated basis

This term is defined externally, please refer to -
Article 4(1)(49) CRR

...

Annex B

Amendments to the Capital Buffers Part

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

...

5 APPLICATION ON AN INDIVIDUAL AND CONSOLIDATED BASIS

Application on an individual basis

5.1

5.1A If this Part applies to a *firm* on an individual basis, the *firm* must comply with the rules in this Part to the same extent and in the same manner as it is required to comply with the *firm's* obligations laid down in Parts Two to Four and Part Seven of the *CRR*.

....

Extent and manner of prudential consolidation

5.6 If this Part applies to a *firm* on a *consolidated basis* or on a *sub-consolidated basis*, the *firm* must carry out consolidation to the same extent and in the same manner as it is required to comply with the obligations laid down in Parts Two to Four and Part Seven ~~prescribed in Articles 18(1), 18(8), 19(1), 19(3), 23 and 24(1) of the *CRR* on a *consolidated basis* or *sub-consolidated basis* and Groups 2.1-2.3.~~

Annex C

Amendments to the General Organisational Requirements Part

In this Annex new text is underlined.

...

7 GROUP ARRANGEMENTS

7.1 ...

7.1A If this Part applies to a firm on a consolidated basis or on a sub-consolidated basis, the firm must carry out consolidation to the same extent and in the same manner as it is required to comply with the obligations laid down in Parts Two to Eight of the CRR on a consolidated basis or sub-consolidated basis.

...

Annex D

Amendments to the Internal Capital Adequacy Assessment Part

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

...

13 DOCUMENTATION OF RISK ASSESSMENTS

- 13.1 A *firm* must make a written record of the assessments required under this Part. These assessments must include assessments carried out on a ~~consolidated basis~~ consolidated basis and on an individual basis. In particular it must make a written record of:

...

...

14 APPLICATION OF THIS PART ON AN INDIVIDUAL BASIS, A CONSOLIDATED BASIS AND A SUB-CONSOLIDATED BASIS

...

- 14.2 ...

- 14.2A If the ICAAP rules apply to a firm on an individual basis, the firm must comply with the ICAAP rules to the same extent and in the same manner as it is required to comply with the obligations laid down in Parts Two to Four and Part Seven of the CRR.

...

- 14.6 If the ICAAP rules apply to a *firm* on a *consolidated basis* or on a *sub-consolidated basis* the *firm* must carry out consolidation to the same extent and in the same manner as it is required to comply with the obligations laid down in Parts Two to Four and Part Seven of the CRR on a consolidated basis or sub-consolidated basis ~~prescribed in Articles 18(1), 18(8), 19(1), 19(3), 23 and 24(1) of the CRR and Groups 2.1-2.3.~~

...

15 REVERSE STRESS TESTING

...

- 15.3 Where the *firm* is a member of:

(1) a *UK consolidation group*; or

(2) a *third country sub-group*;

it must conduct the reverse stress test on an individual basis as well as on a ~~consolidated basis~~ consolidated basis in relation to the *UK consolidation group* or the *third country sub-group*, as the case may be.

Annex E

Amendments to Internal Liquidity Adequacy Assessment Part

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

1 APPLICATIONS AND DEFINITIONS

...

1.2

...

~~consolidation group~~

~~means the undertakings included in the scope of consolidation pursuant to Articles 18(1), 19(1), 19(3), 23 and 24(1) of the CRR.~~

...

14 APPLICATION OF THIS PART ON AN INDIVIDUAL BASIS, A CONSOLIDATED BASIS AND A SUB-CONSOLIDATED BASIS

14.1 ...

14.1A If this Part applies to a firm on an individual basis, the firm must comply with the rules in this Part to the same extent and in the same manner as it is required to comply with the firm's obligations laid down in Part Six of the CRR.

...

14.8 If this Part applies to a firm on a *consolidated basis* or on a sub-consolidated basis, the firm must carry out consolidation to the same extent and in the same manner as it is required to comply with the obligations laid down in Part Six of the CRR on a consolidated basis or sub-consolidated basis prescribed in Articles 18(1), 18(8), 19(1), 19(3), 23 and 24(1) of the ~~CRR~~.

Annex F

Amendments to Leverage Ratio Part

In this Annex new text is underlined.

2 BASIS OF APPLICATION

2.1 ...

2.1A If this Part applies to a *firm* on an individual basis, the *firm* must comply with the rules in this Part to the same extent and in the same manner as it is required to comply with the *firm's* obligations laid down in Part Seven of the *CRR*.

...

Annex G

Amendments to the Liquidity Coverage Requirement – UK Designated Investment Firms Part

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

...

4 APPLICATION OF THIS PART ON AN INDIVIDUAL BASIS AND A CONSOLIDATED BASIS

4.1 ...

4.1A If this Part applies to a *firm* on an individual basis, the *firm* must comply with the rules in this Part to the same extent and in the same manner as it is required to comply with the *firm's* obligations laid down in Part Six of the *CRR*.

...

4.4 If this Part applies to a *firm* on a *consolidated basis* or on a *sub-consolidated basis*, the *firm* must carry out consolidation to the same extent and in the same manner as it is required to comply with the obligations laid down in Part Six ~~prescribed in Articles 18(1), 18(8), 19(1), 19(3), 23 and 24(1)~~ of the *CRR* on a *consolidated basis* or *sub-consolidated basis* and ~~Groups 2.1-2.3~~.

Annex H

Amendments to the Regulatory Reporting Part

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

...

7 REGULATED ACTIVITY GROUP 1

7.1

...

- (13) A *firm* must complete this item separately on each of the following bases that are applicable.
- (a) It must complete it on an individual basis, which for the purposes of this item, means that. ~~Therefore~~ even if it has an *individual consolidation permission* it must complete the item on an unconsolidated basis by reference to the *firm* alone.

...

...

9 REGULATED ACTIVITY GROUP 3

...

9.2

...

- (9) A *firm* must complete this item separately on each of the following bases (if applicable).
- (a) It must complete it on an individual basis, which for the purposes of this item, means that. ~~Therefore~~ even if it has an *individual consolidation permission* it must complete the item on an unconsolidated basis by reference to the *firm* alone.

...

Annex I

Amendments to the Reporting Pillar 2 Part

In this Annex deleted text is struck through

1 APPLICATIONS AND DEFINITIONS

...

1.6

....

~~*consolidation group*~~

~~means the undertakings included in the scope of consolidation pursuant to Articles 18(1), 18(8), 19(1), 19(3) and 23 of the CRR and Groups 2.1 to 2.3.~~

Annex J

Amendments to the Risk Control Part

In this Annex new text is underlined.

...

4 GROUP ARRANGEMENTS

4.1 ...

4.1A If this Part applies to a *firm* on a *consolidated basis* or on a *sub-consolidated basis*, the *firm* must carry out consolidation to the same extent and in the same manner as it is required to comply with the obligations laid down in Parts Two to Eight of the *CRR* on a *consolidated basis* or *sub-consolidated basis*.

Annex K

Amendments to the Skills, Knowledge and Expertise Part

In this Annex new text is underlined.

...

6 GROUP ARRANGEMENTS

6.1 ...

6.1A If this Part applies to a *firm* on a *consolidated basis* or on a *sub-consolidated basis*, the *firm* must carry out consolidation to the same extent and in the same manner as it is required to comply with the obligations laid down in Parts Two to Eight of the *CRR* on a *consolidated basis* or *sub-consolidated basis*.