

**PRA RULEBOOK: CRR FIRMS: BUFFERS INSTRUMENT 2025**

**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); and
  - (3) section 192XA (Rules applying to holding companies).
  
- 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: Buffers Instrument 2025**

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

Part	Annex
Glossary	A
Leverage Ratio – Capital Requirements and Buffers	B
Disclosure (CRR)	C
Reporting (CRR)	D
Capital Buffers	E
Own Funds and Eligible Liabilities (CRR)	F

**Commencement**

- D. This instrument comes into force on [31 March 2025].

**Citation**

- E. This instrument may be cited as the PRA Rulebook: CRR Firms: Buffers Instrument 2025.

**By order of the Prudential Regulation Committee**

[DATE]

## Annex A

### Amendments to the Glossary Part

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

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#### additional leverage ratio buffer

means the amount of common equity tier 1 capital as defined in Article 50 of the CRR a firm or CRR consolidation entity must calculate in accordance with 4A.1 and 4A.2 of the Leverage Ratio – Capital Requirements and Buffers Part.

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#### G-SII buffer

means the G-SII buffer that a person is required to calculate under a requirement imposed by the PRA under section 55M FSMA or a direction given by the PRA under section 192C FSMA.

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#### O-SII buffer

means the O-SII buffer that a person is required to calculate under a requirement imposed by the PRA under section 55M FSMA or a direction given by the PRA under section 192C FSMA.

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## Annex B

### Amendments to the Leverage Ratio – Capital Requirements and Buffers Part

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#### **4A ADDITIONAL LEVERAGE RATIO BUFFER**

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4A.1 If a firm has a G-SII buffer or an O-SII buffer, it must calculate an additional leverage ratio buffer of common equity tier 1 capital in accordance with the following formula:

$$ALRB = (X)(0.35)(Y)$$

Where:

ALRB = the firm's additional leverage ratio buffer;

X = the G-SII buffer rate or O-SII buffer rate that a firm is required to use to calculate its G-SII buffer or O-SII buffer or if the firm has both a G-SII buffer and an O-SII buffer, whichever buffer rate is higher; and

Y = the firm's total exposure measure.

4A.2 A firm must not count common equity tier 1 capital that is maintained for the purposes of 3.1 or its countercyclical leverage ratio buffer towards the calculation in 4A.1.

#### **5 NOTIFICATION**

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5.1 A firm must notify the PRA immediately if, at any time, it does not hold, or is likely not to hold, an amount and quality of capital that is:

- (1) necessary to comply with 3.1; and
- (2) equal to or greater than the sum of its countercyclical leverage ratio buffer and any additional leverage ratio buffer.

#### **6 CAPITAL PLAN**

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6.1 When a firm is required to make a notification to the PRA under ~~rule~~ 5.1(2), it must prepare a capital plan and submit it to the PRA no later than ~~five~~ five business days after the firm identified that the notification was necessary.

6.2 The capital plan must include the following:

- (1) measures to secure that the amount of the firm's common equity tier 1 capital is equal to or greater than the sum of the firm's countercyclical leverage ratio buffer and any additional leverage ratio buffer; and
- (2) a plan and timeframe for the measures outlined for the purposes of rule 6.2(1).

## PART EXTERNALLY DEFINED TERMS

Term	Definition source
common equity tier 1 capital	Article 50 CRR

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## Annex C

### Amendments to the Disclosure (CRR) Part

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#### 4 DISCLOSURE (PART EIGHT CRR)

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##### Article 451 DISCLOSURE OF THE LEVERAGE RATIO

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2. An *LREQ firm* must disclose each of the following:

- (a) the *average exposure measure*;
- (b) the *average leverage ratio*;
- (c) the *average leverage ratio* calculated as if *central bank claims* were required to be included in the *total exposure measure*; ~~and~~
- (d) the *countercyclical leverage ratio buffer*; and
- (e) any additional leverage ratio buffer.

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#### 5 DISCLOSURE FORMATS AND INSTRUCTIONS

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##### Article 7 DISCLOSURE OF THE LEVERAGE RATIO

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- (c) For the disclosure required in Article 451(2)(e), in addition to the templates referred to in (a), in the same location and with the same frequency as the disclosures required by Article 2(1).

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## Annex D

### Amendments to the Reporting (CRR) Part

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#### 4 REPORTING (PART SEVEN A CRR)

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##### Article 430 REPORTING ON PRUDENTIAL REQUIREMENTS AND FINANCIAL INFORMATION

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1. Institutions shall report to the PRA~~their competent authorities~~ on:

- (a) own funds requirements, as set out in Article 92, and the *leverage ratio*, ~~and if applicable~~ the *any countercyclical leverage ratio buffer* and *any additional leverage ratio buffer*,

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#### 5 REPORTING REQUIREMENTS

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

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1. In order to report information on the *leverage ratio*, ~~and the *countercyclical leverage ratio buffer* and the *additional leverage ratio buffer*~~ in accordance with point (a) of Article 430(1) of Chapter 4 and, for *LREQ firms*, the information specified in Article 430(2) and (2A) of Chapter 4, institutions shall submit the information specified in Annex X of Chapter 6, in accordance with the instructions in Annex XI of Chapter 6 and on the basis required by Chapter 2 of this Chapter with the following reporting frequency:

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## Annex E

### Amendments to the Capital Buffers Part

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#### 1 APPLICATION AND DEFINITIONS

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1.2 In this Part the following definitions shall apply:

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*combined buffer*

means the sum of

- (a) the *capital conservation buffer*; ~~and~~
- (b) the *countercyclical capital buffer*;
- (c) the G-SII buffer (if any); and
- (d) the O-SII buffer (if any).

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*Pillar 1 requirements*

means the *own funds* requirements under paragraphs (a), (b) and (c) of Article 92(1) of the *CRR*.

*Pillar 2A requirement*

means the *own funds* (if any) a *person* must at all times hold in excess of its *Pillar 1 requirements* in accordance with a requirement imposed by the *PRA* under section 55M of *FSMA* or a direction given by the *PRA* under section 192C of *FSMA*.

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#### 2 CAPITAL CONSERVATION BUFFER

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2.1 A firm must calculate a *capital conservation buffer* of common equity tier 1 capital equal to 2.5% of its *total risk exposure amount*.

[Note: Art 129(1) (part) of the *CRD*]

2.2 ~~This rule modifies 2.1 for a transitional period between 1 January 2016 and 31 December 2018:~~

- ~~(1) from 1 January 2016 until 31 December 2016 for 2.5% there is substituted 0.625%;~~
- ~~(2) from 1 January 2017 until 31 December 2017 for 2.5% there is substituted 1.25%; and~~
- ~~(3) from 1 January 2018 until 31 December 2018 for 2.5% there is substituted 1.875%. [Deleted]~~

[Note: Art 160(1) to (5) (part) of the *CRD*]

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#### 4 CAPITAL CONSERVATION MEASURES

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Combined buffer

4.1 A firm does not meet the *combined buffer* if the *common equity tier 1 capital* maintained by the firm which is not used to meet the *Pillar 1 requirements* or any *Pillar 2A requirements*~~capital requirements under paragraphs (a), (b) and (c) of Article 92(1) of the CRR~~ does not meet the *combined buffer*.

[Note: Art 128 (part) and ~~and~~ Art 141a of the CRD]

4.2 [Deleted-]

4.3 ...

(6) The factor referred to in (4) shall be determined as follows:

- (a) if the *common equity tier 1 capital* maintained by the firm which is not used to meet any of the *Pillar 1 requirements* or any *Pillar 2A requirements*~~the capital requirements under paragraphs (a), (b) or (c) of Article 92(1) of the CRR~~, expressed as a percentage of the ~~firm's total risk exposure amount~~, is within the first (that is, the lowest) quartile of the *combined buffer*, the factor shall be 0;
- (b) if the *common equity tier 1 capital* maintained by the firm which is not used to meet any of the *Pillar 1 requirements* or any *Pillar 2A requirements*~~the capital requirements under paragraphs (a), (b) or (c) of Article 92(1) of the CRR~~, expressed as a percentage of the ~~firm's total risk exposure amount~~, is within the second quartile of the *combined buffer*, the factor shall be 0.2;
- (c) if the *common equity tier 1 capital* maintained by the firm which is not used to meet any of the *Pillar 1 requirements* or any *Pillar 2A requirements*~~the capital requirements under paragraphs (a), (b) or (c) of Article 92(1) of the CRR~~, expressed as a percentage of the ~~firm's total risk exposure amount~~ is within the third quartile of the *combined buffer*, the factor shall be 0.4; and
- (d) if the *common equity tier 1 capital* maintained by the firm which is not used to meet any of the *Pillar 1 requirements* or any *Pillar 2A requirements*~~the capital requirements under paragraphs (a), (b) or (c) of Article 92(1) of the CRR~~, expressed as a percentage of the ~~firm's total risk exposure amount~~, is within the fourth (that is, the highest) quartile of the *combined buffer*, the factor shall be 0.6.

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## 5 APPLICATION ON AN INDIVIDUAL AND CONSOLIDATED BASIS

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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 ~~and Three~~ ~~to Four~~ and ~~Part Seven~~ of the CRR.

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Extent and manner of prudential consolidation

5.6 If this Part applies to an *Article 109 undertaking* on a *consolidated basis* or on a *sub-consolidated basis*, the *Article 109 undertaking* 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 ~~and Three~~ ~~to Four~~ and ~~Part Seven~~ of the CRR on a *consolidated basis* or *sub-consolidated basis*.

[Note: Art 129(1) (part) and 130(1) (part) of the CRD]



## PART EXTERNALLY DEFINED TERMS

Term	Definition source
own funds	Article 4(1)(118) CRR

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## Annex F

### Amendments to the Own Funds and Eligible Liabilities (CRR) Part

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

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

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

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1. ...

(d) ...

(vi) any additional leverage ratio buffer laid down in Chapter 4A of the Leverage Ratio - Capital Requirements and Buffers Part ~~additional leverage ratio buffer requirements~~ implemented under sections 55M and 192C of FSMA, where applicable;

...

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