

Corresponding CRR rules - Interim Capital Regime

The Financial Services Act 2021 gives HM Treasury the power to revoke provisions relating to certain matters of the absorbed law Capital Requirements Regulation (Regulation (EU) No 575/2013) ('CRR') and instruments made under the CRR ('CRR level 2 regulation').

We are able to make rules in relation to these revoked matters, and in relation to certain standards recommended by the Basel Committee on Banking Supervision. These rules are referred to as 'CRR rules'.

We are required by the Financial Services Act 2021 to publish a document setting out whether and, if so, how our CRR rules correspond to a provision revoked by HM Treasury. The same Act also states that any reference to a revoked provision, from before it was revoked, in any enactment should be treated as a reference to the corresponding CRR rule as set out in the table below, which we update from time to time. This appendix sets out the CRR rules in the Interim Capital Regime that correspond to provisions of the CRR or a CRR level 2 regulation.

The Interim Capital Regime provisions apply to ICR firms and ICR consolidation entities.

Corresponding CRR Rules

The CRR rules corresponding to CRR provisions are subject to textual modifications indicated in table 1 and the following modifications, as noted in that table:

- A. Any reference to the *PRA* or the *FCA* being permitted to make technical standards is omitted, together with any provisions concerning the content and purpose of such technical standards.
- B. Any reference to an obligation on the *PRA* is omitted.
- C. Any reference to the *Treasury* making regulations is omitted, together with any provisions concerning the content and purpose of such regulations.
- D. Any provision concerning the granting of a waiver, approval, permission or other form of consent by the competent authority (including as to its content and purpose) is a provision applying section 144G or 192XC of *FSMA* enabling the *PRA* to give a permission to disapply or modify the rule to the extent that the *CRR provision* enabled a waiver, approval, permission or other form of consent to be granted.
- E. Any reference to the Internal Ratings Based Approach is omitted, together with any provisions concerning the application of that approach.

The CRR rules in the Interim Capital Regime are reproduced by direct reference to the CRR provision.

Table 1

CRR Provision	Modifications
Article 92	
Article 107(1) and (2)	[Note: Paragraph (1) is subject to Modification E]
Article 108	Article 108 is modified to omit Paragraph (2). [Note: The title of the Article and Paragraph (1) are subject to Modification E]
Article 110(1) to (3)	Article 110 is modified to omit Paragraphs (2) and (3).
Article 111	

Article 112	
Article 113	[Note: Paragraph (6) is subject to Modification D] [Note: This is a permission under section 144G and 192XC of FSMA to which Part 8 of the <i>Capital Requirements Regulations</i> applies]
Article 114(1) to (4)	
Article 115(1), (2), (3) and (5)	[Note Paragraph (2) is subject to Modification B] Article 115 is modified to insert the following text at the end of Paragraph (2): 'For the purposes of Article 115, a firm may treat exposures to the following regional governments as exposures to the UK central government: (1) The Scottish Government; (2) The Welsh Government; and (3) The Northern Ireland Executive.' [Note: Paragraph (3) is subject to Modification E]
Article 116(1) to (4)	Article 116 is modified to omit Paragraph (4).
Article 117	[Note: Paragraph (2) is subject to Modification C]
Article 118	
Article 119(1) to (4)	
Article 120	
Article 121	[Note: Paragraph (4) is subject to Modification E]
Article 122	
Article 123	
Article 124	Article 124 is modified to omit the following text from Paragraph (1): 'if rigorous criteria are in force at the time in the United Kingdom for the assessment of the mortgage lending value, the mortgage lending value of the immovable property in question.' [Note: Paragraph (1a) is subject to Modification B] Article 124 is modified to omit Paragraphs (2) and (3). [Note: Paragraph (4) is subject to Modification A]
Article 125	Article 125 is modified to omit the following text from Paragraph (1): 'Unless otherwise decided by the competent authorities in accordance with Article 124(2),' Article 125 is modified to omit Paragraphs 2(b), (3) and (4).
Article 126	Article 126 is modified to omit the following text from Paragraph (1): 'Unless otherwise decided by the competent authorities in accordance with Article 124(2),' Article 126 is modified to omit Paragraphs (3) and (4).
Article 127	
Article 129	[Note: Paragraph (1) is subject to Modification D] [Note: This is a permission under section 144G and 192XC of FSMA to which Part 8 of the <i>Capital Requirements Regulations</i> applies] Article 129 is modified to substitute for Paragraph (7): 'Exposures in the form of CRR covered bonds are eligible for preferential treatment under this Article, provided that the institution investing in the CRR covered bonds: (a) receives portfolio information at least on: (i) the value of the cover pool and outstanding CRR covered bonds; (ii) the geographical distribution and type of cover assets, loan size, interest rate and currency risks; (iii) the maturity structure of cover assets and CRR covered bonds; and (iv) the percentage of loans more than 90 days past due; and

	(b) the issuer makes the information referred to in point (a) available to the institution at least semi-annually.'
Article 131	
Article 133	
Article 134	
Article 135	[Note: Paragraph (2) is subject to Modification B]
Article 137	
Article 138	<p>Article 138 is modified to omit the following text: 'Credit assessments shall not be used selectively. An institution shall use solicited credit assessments. However it may use unsolicited credit assessments if the competent authority has confirmed that unsolicited credit assessments of an ECAI do not differ in quality from solicited credit assessments of this ECAI. The competent authority must refuse or revoke this confirmation in particular if the ECAI has used an unsolicited credit assessment to put pressure on the rated entity to place an order for a credit assessment or other services.'</p> <p>Article 138 is modified to insert the following text at the end of Article 138: 'An institution may only use unsolicited credit assessments if: (a) the unsolicited credit assessments of an ECAI do not differ in quality from solicited assessments of that ECAI; and (b) the ECAI has not used an unsolicited credit assessment to put pressure on a rated entity to place an order for a credit assessment or other services, otherwise, an institution must only use solicited credit assessments.'</p>
Article 139	
Article 140	
Article 141	
Article 178	[Note: This Article is subject to Modification E]
Article 192	
Article 193	[Note: Paragraph (3) is subject to Modification E]
Article 194	[Note: Paragraph (10) is subject to Modification A]
Article 195	
Article 196	
Article 197(1) to (7)	<p>Article 197 is modified to omit from Paragraphs (1)(b) - (e) 'has been determined by the competent authority to be' and to insert 'is'. [Note: Paragraph (8) is subject to Modification A] Article 197 is modified to insert the following text at the end of Paragraph (8)(a): 'are to an index listed in Annex I to Commission Implementing Regulation 2016/1646/EU of 13 September laying down implementing technical standards with regard to main indices and recognised exchanges in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms.'</p> <p>Article 197 is modified to insert the following text at the end of Paragraph (8)(b): 'are to an exchange listed in Annex II to Commission Implementing Regulation 2016/1646/EU of 13 September laying down implementing technical standards with regard to main indices and recognised exchanges in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms.'</p>
Article 198	
Article 200	
Article 201	Article 201 is modified to omit Paragraphs (1)(g)(ii) and (2).
Article 203	
Article 204	
Article 205	

Article 206	
Article 207	
Article 208	
Article 209	
Article 211	Article 211 is modified to omit from Paragraph (a) the reference to 'Article 210'.
Article 212	
Article 213	Article 213 is modified to omit the following text from Paragraph (1)(c)(iii): 'and 166(4)'.
Article 214	
Article 215	
Article 216	
Article 218	
Article 219	
Article 220	[Note: Paragraph (3) is subject to Modification E] [Note: Paragraph (4) is subject to Modification E]
Article 221	[Note: This Article is subject to Modification E] [Note: Paragraphs (1), (2), (3) and (4) are subject to Modification D] [Note: These are permissions under section 144G and 192XC of FSMA to which Part 8 of the <i>Capital Requirements Regulations</i> applies] [Note: Paragraph (9) is subject to Modification A]
Article 222	Article 222 is modified to omit the following text from Paragraph (1): ' , except for the purposes of Articles 148(1) and 150(1)'; and 'Institutions shall not use this exception selectively with the purpose of achieving reduced own funds requirements or with the purpose of conducting regulatory arbitrage.' [Note: Paragraph (3) is subject to Modification E]
Article 223	[Note: Paragraphs (4)(b) and (6) are subject to Modification E]
Article 224	
Article 225	[Note: Paragraph (1) is subject to Modification D] [Note: This is a permission under section 144G and 192XC of FSMA to which Part 8 of the <i>Capital Requirements Regulations</i> applies]
Article 226	
Article 227	[Note: Paragraph (3)(c) is subject to Modification E]
Article 228	Article 228 is modified to omit Paragraph (2).
Article 229	Article 229 is modified to omit the following text from Paragraph (1): 'If rigorous criteria are in force at the time in the United Kingdom for the assessment of the mortgage lending value the immovable property may instead be valued by an independent valuer at or at less than the mortgage lending value. Institutions shall require the independent valuer not to take into account speculative elements in the assessment of the mortgage lending value and to document that value in a transparent and clear manner.'
Article 232	[Note: Paragraph (2)(b) is subject to Modification E]
Article 233	
Article 234	
Article 235	[Note: Paragraph (1) is subject to Modification E]
Article 237	Article 237 is modified to omit the following text from Paragraph (2): 'either of the following conditions is met'. Article 237 is modified to omit Paragraph (2)(b).
Article 238	
Article 239	
Article 240	[Note: The Article is subject to Modification E]
Article 241	
Article 299(2)(c)	
Article 312	[Note: Paragraphs (1) and (2) are subject to Modification D] [Note: This is a permission under section 144G and 192XC of FSMA to which Part 8 of the <i>Capital Requirements Regulations</i> applies]

Article 313	[Note: This Article is subject to Modification D] [Note: These are permissions under section 144G and 192XC of <i>FSMA</i> to which Part 8 of the <i>Capital Requirements Regulations</i> applies]
Article 314	[Note: Paragraphs (1), (2), (3) and (4) are subject to Modification D] [Note: These are permissions under section 144G and 192XC of <i>FSMA</i> to which Part 8 of the <i>Capital Requirements Regulations</i> applies] [Note: Paragraph (5) is subject to Modification A]
Article 315	[Note: Paragraph (3) is subject to Modification D] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 8 of the <i>Capital Requirements Regulations</i> applies]
Article 317	[Note: Paragraph (4) is subject to Modification D] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 8 of the <i>Capital Requirements Regulations</i> applies]
Article 318	[Note: Paragraph (3) is subject to Modification A]
Article 319	[Note: Paragraph (2) is subject to Modification D] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 8 of the <i>Capital Requirements Regulations</i> applies]
Article 320	
Article 321	
Article 322	
Article 323	[Note: Paragraph (1) is subject to Modification D] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 8 of the <i>Capital Requirements Regulations</i> applies] Article 323 is modified to omit the following text from Paragraph (2): 'which has been determined by the competent authority to be' and to insert 'is'.
Article 324	
Article 325	
Article 325b	[Note: This Article is subject to Modification D] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 8 of the <i>Capital Requirements Regulations</i> applies]
Article 326	
Article 327	Article 327 is modified to omit Paragraph (2).
Article 328	
Article 329	[Note: Paragraph (1) is subject to Modification D] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 8 of the <i>Capital Requirements Regulations</i> applies] [Note: Paragraph (3) is subject to Modification A]
Article 330	
Article 331	[Note: Paragraph (1) is subject to Modification D] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 8 of the <i>Capital Requirements Regulations</i> applies]
Article 332	
Article 333	
Article 334	
Article 335	
Article 336	[Note: Paragraph (2) is subject to Modification E]
Article 337	Paragraph (2) is not subject to modification E. [Note: Paragraph (2) is subject to Modification D] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 8 of the <i>Capital Requirements Regulations</i> applies]
Article 338	
Article 339	
Article 340	
Article 341	[Note: Paragraph (3) is subject to Modification A]
Article 342	
Article 343	
Article 344	[Note: Paragraph (1) is subject to Modification A]
Article 345	

Article 346	
Article 347	
Article 348	
Article 349	
Article 350	
Article 351	
Article 352	<p>[Note: Paragraphs (1) and (2) are subject to Modification D] [Note: These are permissions under section 144G and 192XC of <i>FSMA</i> to which Part 8 of the <i>Capital Requirements Regulations</i> applies] [Note: Paragraph (6) is subject to Modification A]</p>
Article 353	
Article 354	<p>Article 354 is modified to insert the following text at the end of Paragraph (1):</p> <p>'An institution may determine the list of currencies for which the treatment set out in this paragraph is available, based on the following criteria:</p> <ul style="list-style-type: none"> (a) daily percent currency movement shall be calculated on the basis of the following formula: $\% \text{ Change} = \ln(\text{exchange}_t) - \ln(\text{exchange}_{t-1})$ where: exchange = relevant currency pair (b) the resulting percentage shall be compared to the threshold of the maximum daily change in value within a pair of currencies of 1.265%. Any values exceeding this threshold shall be treated as breaches of the 4%, 10-day maximum loss; (c) only the unmatched positions in currencies shall be incorporated into the overall net open position in accordance with paragraph 4 of Article 352.' <p>[Note: Paragraph (3) is subject to Modification A] [Note: Paragraph (6) is subject to Modification D] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 8 of the <i>Capital Requirements Regulations</i> applies]</p>
Article 355	
Article 356	
Article 357	
Article 358	<p>[Note: Paragraph (3) is subject to Modification D] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 8 of the <i>Capital Requirements Regulations</i> applies] [Note: Paragraph (4) is subject to Modification A]</p>
Article 359	
Article 360	
Article 361	
Article 362	
Article 363	<p>[Note: Paragraphs (1), (2) and (3) are subject to Modification D] [Note: These are permissions under section 144G and 192XC of <i>FSMA</i> to which Part 8 of the <i>Capital Requirements Regulations</i> applies] [Note: Paragraph (4) is subject to Modification A]</p>
Article 364	
Article 365	
Article 366	Article 366 is modified to omit Paragraph (4).
Article 367	
Article 368	
Article 369	
Article 370	

Article 371	
Article 372	
Article 373	[Note: This Article is subject to Modification D] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 8 of the <i>Capital Requirements Regulations</i> applies]
Article 374	
Article 375	
Article 376	
Article 377	[Note: Paragraph (1) is subject to Modification D] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 8 of the <i>Capital Requirements Regulations</i> applies]
Article 381	
Article 382 (1), (2), (3), (4a), (4c), (4d), the words after (4d) and (5)	Article 382 is modified to omit the following text from Paragraph (2) 'the competent authority determines that the institution's' and to insert 'its'. [Note: Paragraph (5) is subject to Modification A]
Article 383	[Note: Paragraph (4) is subject to Modification D] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 8 of the <i>Capital Requirements Regulations</i> applies] [Note: Paragraph (7) is subject to Modification A]
Article 384	[Note: Paragraph (1) is subject to Modification E]
Article 386	Article 386 is modified to omit the following text from Paragraph (1): 'If the basis between any individual counterparty spread and the spreads of index credit default swap hedges is not reflected to the satisfaction of the competent authority, then an institution shall reflect only 50 % of the notional amount of index hedges in the value-at-risk and the stressed value-at-risk.'
Article 482	
Article 501	[Note: Paragraph (1) is subject to Modification E]
Article 501a	
Annex I	

CRR level 2 regulations

The CRR restatement provisions relating to CRR level 2 regulations are subject to textual modifications indicated in table 2 and the following modifications, as noted in that table:

- A. Any reference to an obligation on the *PRA* to assess, confirm or verify a matter in relation to a *ICR firm* or *ICR consolidation entity* shall be treated as an obligation on the *ICR firm* or *ICR consolidation entity* to demonstrate or be able to demonstrate that matter to the *PRA*.
- B. Any provision concerning the granting of a waiver, approval, permission or other form of consent by the competent authority (including as to its content and purpose) is a provision applying section 144G or 192XC of *FSMA* enabling the *PRA* to give a permission to disapply or modify the rule to the extent the *CRR provision* enabled a waiver, approval, permission or other form of consent to be granted.
- C. Any reference to the Internal Ratings Based Approach is omitted, together with any provisions concerning the application of that approach.

The CRR rules in the Interim Capital Regime are reproduced by direct reference to the corresponding CRR level 2 regulations.

Table 2

This is a draft document to accompany PS9/24.

CRR Technical Standard (level 2 regulation)	Modified Articles	Modifications
Commission Delegated Regulation (EU) No 2018/959	Article 1	[Note: This Article is subject to Modification A]
	Article 2	
	Articles 3 to 44	[Note: These Articles are subject to Modification A]
	Article 7	Article 7 is modified to omit Paragraph (2).
	Article 15	[Note: Paragraph (2) is subject to Modification B] [Note: This is a permission under section 144G and 192XC of <i>FSMA</i> to which Part 8 of the <i>Capital Requirements Regulations</i> applies]
Commission Delegated Regulation (EU) No 529/2014	Article 3	Article 3 is modified to omit the following text from Paragraph (6): 'within a period to be agreed with the competent authority'.
	Article 4	This Article is omitted.
	Article 5	This Article is omitted.
	Article 6	
	Article 7	
	Article 8	[Note: This Article is subject to Modification C]
	Annex I	This Annex is omitted.
Commission Delegated Regulation (EU) No 525/2014		
Commission Delegated Regulation (EU) 526/2014		
Commission Delegated Regulation (EU) 528/2014		
Commission Delegated Regulation (EU) No 530/2014		
Commission Implementing Regulation (EU) No 945/2014		
Commission Implementing Regulation (EU) 2015/2197		
Commission Implementing Regulation (EU) No 2016/2070		
Commission Delegated Regulation (EU) 2018/728		