
STATUTORY INSTRUMENTS

2018 No. 1401

**The Capital Requirements (Amendment)
(EU Exit) Regulations 2018**

PART 4

Amendment of retained direct EU legislation

CHAPTER 4

Amendment of Liquidity Commission Delegated Regulation

Amendments to the Liquidity Commission Delegated Regulation

226. The Liquidity Commission Delegated Regulation is amended in accordance with this Chapter.

Article 2 (scope and application)

227.—(1) Article 2 (scope and application) is amended as follows.

(2) In paragraph 1, for the words from “supervised under Directive” to the end, substitute “that are CRR firms”.

(3) In paragraph 2, for “Articles 8 and 10” substitute “Article 8”.

(4) In paragraph 3—

- (a) for “EU parent institution” substitute “UK parent institution”;
- (b) for “EU parent financial holding company” substitute “UK parent financial holding company”;
- (c) for “EU parent mixed financial holding company” substitute “UK parent mixed financial holding company”;
- (d) in sub-paragraph (d) for the words “the national law of” to end, substitute “the Liquidity Coverage Requirement – UK Designated Investment Firms Part of the PRA’s rulebook or the applicable liquidity requirements in the FCA’s Handbook”.

Article 3 (definitions)

228. In Article 3 (definitions)—

- (a) in point (1), for the words “the second sub-paragraph” to the end substitute “Article 10 of this Regulation”;
- (b) in point (2), for the words “as referred to in” to the end substitute “and further subdivided into level 2A and 2B assets in accordance with Articles 11 and 12 of this Regulation”;
- (c) in point (5), for “a Member State” substitute “the United Kingdom”;
- (d) omit point (6);

- (e) in point (9), for “activities listed in Annex I to [Directive 2013/36/EU](#)” substitute “Annex 1 activities”;
- (f) after point (9) insert—
 - “(9A) ‘UK deposit guarantee scheme’ means the depositor protection part of the Financial Services Compensation Scheme established under section 213 of FSMA;”
- (g) after point (12) insert—
 - “(13) A reference to the PRA rulebook is to the rulebook published by the PRA containing rules made by that Authority under FSMA—
 - (a) as amended from time to time, for the purposes of Article 2(3)(d); or
 - (b) as the rulebook has effect on exit day, in all other cases.
 - (14) A reference to a sourcebook is to a sourcebook in the Handbook of Rules and Guidance published by the FCA containing rules made by that Authority under FSMA—
 - (a) as amended from time to time, for the purposes of Article 2(3)(d); or
 - (b) as the rulebook has effect on exit day, in all other cases.
 - (15) ‘the Capital Requirements Regulation’ means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as it forms part of domestic law by virtue of section 3 of the European Union (Withdrawal) Act 2018, and as amended from time to time thereafter.
 - (16) Except as provided above, any expression used in this Regulation which is defined in Article 4 (definitions) of the Capital Requirements Regulation has the meaning which it is given in that Article, as it forms part of domestic law by virtue of section 3 of the European Union (Withdrawal) Act 2018, and as amended from time to time thereafter.”.

Article 4 (the liquidity coverage ratio)

- 229.** In Article 4 (the liquidity coverage ratio)—
- (a) at the end of paragraph 4, insert “or, if revoked, the PRA rulebook”;
 - (b) at the end of paragraph 5, insert “or, if revoked, the PRA rulebook”.

Article 7 (general requirements for liquid assets)

- 230.** In Article 7 (general requirements for liquid assets)—
- (a) in paragraph 2(a), omit the words from “This shall include” to “institutional protection scheme”;
 - (b) in paragraph 4(g), for “activities listed in Annex I to [Directive 2013/36/EU](#)” substitute “Annex 1 activities”;
 - (c) in paragraph 6, for “a Member State” substitute “the United Kingdom”;
 - (d) omit paragraph 7(d).

Article 8 (operational requirements)

- 231.** In Article 8 (operational requirements)—
- (a) in paragraph 1(b)—
 - (i) for “Member State” substitute “United Kingdom”;
 - (ii) for “credit institution’s home Member State” substitute “United Kingdom”;

- (b) in paragraph 4, in the second sub-paragraph, omit from “or to the deposits and” to the end;
- (c) in paragraph 6, second sub-paragraph for “Article 105 of [Directive 2013/36/EU](#)” substitute “regulation 35 of the Capital Requirements Regulations 2013”.

Article 10 (level 1 assets)

232. In Article 10 (level 1 assets), in paragraph 1—

- (a) in point (b)(i), for “the European Central Bank (ECB) or a Member State’s central bank” substitute “the Bank”;
- (b) in point (b)(ii)—
 - (i) after “central banks of third countries” insert “or the European Central Bank”;
 - (ii) after “or its central government” insert “(if applicable)”;
- (c) in point (b)(iii), omit “the ECB or”;
- (d) in point (c)(i), for “a Member State” substitute “the United Kingdom”;
- (e) in point (c)(iii) and point (e)(i)—
 - (i) for “a Member State” in each place it occurs substitute “the United Kingdom”;
 - (ii) for “the Member State” in both places it occurs substitute “the United Kingdom”;
- (f) in point (c)(v), for “central government of the Member State” substitute “central government of the United Kingdom”;
- (g) in point (e)(ii)—
 - (i) for “the public policy objectives of the Union or of the central or regional government or local authority in a Member State” substitute “the public policy objectives of the central or a regional government of, or a local authority in, the United Kingdom”;
 - (ii) for “central government of the Member State” substitute “government of the United Kingdom”;
- (h) in point (f)(i), for “bonds as referred to in Article 52(4) of [Directive 2009/65/EC](#)” substitute “CRR covered bonds”.

Article 11 (level 2A assets)

233. In Article 11 (level 2A assets), in paragraph 1—

- (a) in point (a), for “a Member State” substitute “the United Kingdom”;
- (b) in point (c)(i), for “bonds as referred to in Article 52(4) of [Directive 2009/65/EC](#)” substitute “CRR covered bonds”;
- (c) in point (d)(ii), for “Union” substitute “United Kingdom”.

Article 12 (level 2B assets)

234. In Article 12 (level 2B assets), in paragraph 1—

- (a) in point (c)(i), for “a Member State” in both places substitute “the United Kingdom”;
- (b) in point (c)(ii), for “the currency of the credit institution’s home Member State” substitute “pounds sterling”;
- (c) in point (d), for “the central bank of a Member State” substitute “the Bank”;
- (d) in point (e)(i), for “bonds as referred to in Article 52(4) of [Directive 2009/65/EC](#)” substitute “CRR covered bonds”;
- (e) in point (e)(v), for “points (a), (d)(i) and (e)” substitute “points (a) and (d)(i)”.

Article 16 (deposits and other funding in cooperative networks and institutional protection schemes)

235. Omit Article 16 (deposits and other funding in cooperative networks and institutional protection schemes).

Article 19 (alternative liquidity approaches)

236. In Article 19 (alternative liquidity approaches)—

- (a) in paragraph 1(b), for “the central bank in a Member State or third country” substitute “the Bank, the European Central Bank or the central banks of third countries”;
- (b) in paragraph 3, for the words from “by the implementing regulation” to the end substitute “in accordance with Commission Implementing Regulation (EU) 2015/2344, or any subsequent technical standards made by the PRA under Article 419(4) of the Capital Requirements Regulation”(1);
- (c) in paragraph 4, for the words from “by the delegated act” to the end substitute “in accordance with Commission Delegated Regulation (EU) 2016/709, or any subsequent technical standards made by the PRA under Article 419(5) of the Capital Requirements Regulation”(2).

Article 23 (additional liquidity outflows for other products and services)

237. In Article 23 (additional liquidity outflows for other products and services), omit paragraph 3.

Article 24 (outflows from stable retail deposits)

238. In Article 24 (outflows from stable retail deposits)—

- (a) in paragraph 1, for the words from “a deposit guarantee scheme in accordance” to “[Directive 2014/49/EU](#)” substitute “the UK deposit guarantee scheme”;
- (b) in paragraph 4, for the words from “a deposit guarantee scheme in accordance” to the end of point (c) substitute “the UK deposit guarantee scheme”;
- (c) omit paragraph 5.

Article 25 (outflows from other retail deposits)

239. In Article 25 (outflows from other retail deposits), in paragraph 2, in point (e)—

- (a) for “Union” substitute “United Kingdom”;
- (b) for “the euro or the domestic currency of a Member State” substitute “pounds sterling”.

Article 26 (outflows with inter-dependent inflows)

240. In Article 26 (outflows with inter-dependent inflows), in point (c)(ii) for “a Member State” substitute “the United Kingdom”.

(1) Commission Implementing Regulation (EU) 2015/2344 of 15 December 2015 laying down implementing technical standards with regard to currencies with constraints on the availability of liquid assets in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council.

(2) Commission Delegated Regulation (EU) 2016/709 of 26 January 2016 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards specifying the conditions for the application of the derogations concerning currencies with constraints on the availability of liquid assets.

Article 27 (outflows from operational deposits)

241. In Article 27 (outflows from operational deposits)—

- (a) omit paragraph 1(b);
- (b) in paragraph 2, for the words from “a deposit guarantee scheme” to “[Directive 2014/49/EU](#)” substitute “the UK deposit guarantee scheme”;
- (c) omit paragraph 3.

Article 28 (outflows from other liabilities)

242. In Article 28 (outflows from other liabilities)—

- (a) in paragraph 1, in the second sub-paragraph, for the words from “a deposit guarantee scheme” to “[Directive 2014/49/EU](#)” substitute “the UK deposit guarantee scheme”;
- (b) in paragraph 3, in point (d)(ii), for “Member State” substitute “United Kingdom”.

Article 29 (outflows within a group or an institutional protection scheme)

243. In Article 29 (outflows within a group or an institutional protection scheme)—

- (a) in the heading, omit “or an institutional protection scheme”;
- (b) in paragraph 1(b), for “relationship within the meaning of Article 12(1) of [Directive 83/349/EEC](#)” substitute “common management relationship”;
- (c) in paragraph 1(b), omit from “or a member of the same” to the end;
- (d) in paragraph 1(d), for “same Member State” substitute “United Kingdom”;
- (e) in paragraph 2, in the second sub-paragraph, omit the words from the beginning to “Regulation (EU) No 575/2013”.

Article 30 (additional outflows)

244. In Article 30 (additional outflows), in paragraph 3, for “the delegated act to be adopted by the Commission pursuant to” substitute “technical standards made under”.

Article 31 (outflows from credit and liquidity facilities)

245. In Article 31 (outflows from credit and liquidity facilities)—

- (a) omit paragraph 7;
- (b) in paragraph 9—
 - (i) in the first sub-paragraph, for “the central or regional government of at least one Member State” substitute “the central or a regional government of the United Kingdom”;
 - (ii) in the third sub-paragraph, for “public policy objectives of the Union or of that Member State’s central or regional government” substitute “the public policy objectives of the central or a regional government of the United Kingdom”.

Article 32 (inflows)

246. In Article 32 (inflows), in paragraph 3(d), omit “, with the exception of deposits at the central institution referred to in Article 27(3),”.

Article 33 (cap on inflows)

247. In Article 33 (cap on inflows)—

- (a) in paragraph 2(a), for “relationship within the meaning of Article 12(1) of [Directive 83/349/EEC](#)” substitute “common management relationship”;
- (b) in paragraph 2(b), omit “or (7)”;
- (c) for paragraph (4)(b), substitute—
 - “(b) an activity that immediately before exit day would have amounted to consumer credit for the purposes of [Directive 2008/48/EC](#).”;
- (d) paragraph 5, in the second sub-paragraph—
 - (i) omit the first sentence;
 - (ii) for “EBA shall publish” substitute “PRA must publish”;
 - (iii) omit the final sentence.

Article 34 (inflows within a group or an institutional protection scheme)

248. In Article 34 (inflows within a group or an institutional protection scheme)—

- (a) in the heading, omit “or an institutional protection scheme”;
- (b) in paragraph 1(b), for “relationship within the meaning of Article 12(1) of [Directive 83/349/EEC](#)” substitute “common management relationship”;
- (c) in paragraph 1(b), omit from “or a member of the same” to the end;
- (d) in paragraph 1(d), for “same Member State” substitute “United Kingdom”;
- (e) omit paragraphs 2 and 3.

Article 35 (grandfathering of Member State-guaranteed bank assets)

249.—(1) In Article 35 (grandfathering of Member State-guaranteed bank assets)—

- (a) for the heading substitute “Transitional provision: United Kingdom-guaranteed bank assets”;
- (b) in paragraph 1, for “the central government of a Member State” substitute “the central government of the United Kingdom”;
- (c) in paragraph 2, for “in a Member State” substitute “of the United Kingdom”.

Article 36 (transitional provision for Member State-sponsored impaired asset management agencies)

250. Omit Article 36 (transitional provision for Member State-sponsored impaired asset management agencies).

Final provision

251. After Article 39 (entry into force) omit “This Regulation shall be binding in its entirety and directly applicable in all Member States.”