
STATUTORY INSTRUMENTS

2013 No. 3115

The Capital Requirements Regulations 2013

PART 1

Introductory provisions

Citation, commencement and expiry

- 1.—(1) These Regulations may be cited as the Capital Requirements Regulations 2013.
- (2) Subject to paragraph (3), these Regulations come into force on 1st January 2014.
- (3) The Regulations specified in the first column of Schedule 1 (CRD transitional arrangements) come into force on the dates specified in the second column or cease to have effect on the dates specified in the third column.

Interpretation

- 2.—(1) In these Regulations—

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“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 ^{M1};

[^{F4}“on a consolidated basis” means on the basis of the consolidated situation;

“consolidated situation” means the situation that results from an entity being treated, for the purposes of the capital requirements regulation or CRR rules (as appropriate), as if that entity and one or more other entities formed a single entity;

“CRR rules” has the meaning given in section 144A of FSMA;]

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“FSMA” means the Financial Services and Markets Act 2000;

“group” means a group whose members include one or more institutions;

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[^{F5}“Specified EU Regulations under the Capital Requirements Regulation” means the EU regulations or parts of EU regulations which form part of retained EU law and which are specified in paragraphs 78 to 83 and 126 to 168, in Schedule 1 to the Financial Regulators' Powers (Technical Standards) (Amendment etc.) (EU Exit) Regulations.]

(2) Except as provided by paragraph (1)—

- (a) any expression used in these Regulations which is defined in Article 4 (definitions) of the capital requirements regulation ^{F6}... has the meaning which it is given in that Article ^{M2};
- (b) any other expression used in these Regulations which is defined in section 417 (definitions) of FSMA has the meaning given by that section ^{M3}.

[^{F7}(3) Any reference in these Regulations to any EU regulation, EU decision or EU tertiary legislation (within the meaning of section 20 of the European Union (Withdrawal) Act 2018) is, unless the contrary intention appears, to be treated as a reference to that EU regulation, EU decision or EU tertiary legislation as it [^{F8}forms part of retained EU law].]

- | | |
|-----------|---|
| F1 | Words in reg. 2(1) omitted (1.1.2022) by virtue of The Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (S.I. 2021/1376), regs. 1(3), 16(2)(a) |
| F2 | Words in reg. 2(1) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), 11(2)(a) (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1) |
| F3 | Words in reg. 2(1) omitted (1.1.2022) by virtue of The Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (S.I. 2021/1376), regs. 1(3), 16(2)(b) |
| F4 | Words in reg. 2(1) inserted (1.1.2022) by The Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (S.I. 2021/1376), regs. 1(3), 16(2)(c) |
| F5 | Words in reg. 2(1) inserted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), 11(2)(b) (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1) |
| F6 | Words in reg. 2(2)(a) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), 11(3) (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1) |
| F7 | Reg. 2(3) inserted (20.12.2018) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(2), 4 |
| F8 | Words in reg. 2(3) substituted (31.12.2020 immediately before IP completion day) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), reg. 1(4), Sch. para. 1(1), (2)(d) |

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Marginal Citations

- M1** OJ no L176, 27/6/2013, p.1. For corrigenda see OJ no L208, 2/8/2013 p.68 and OJ no L321, 30/11/2013 p. 6.
- M2** In particular, “branch”, “credit institution”, “institution” and “investment firm” are defined in Article 4(1) of the capital requirements regulation.
- M3** In particular, “EBA”, “ESMA”, “FCA”, “PRA”, “PRA-authorized person” and “the Tribunal” are defined in section 417 of FSMA.

[^{F9}Interpretation: regulators' rules

2A.—(1) In these Regulations—

(a) a reference to the PRA rulebook is to the rulebook published by the PRA containing rules made by that Authority under FSMA as the rulebook has effect on [^{F10}1 January 2022];

^{F11}(b)

(c) “Directive 2013/36/EU UK law” means the law of the United Kingdom which was relied on by the United Kingdom immediately before IP completion day to implement the capital requirements directive and its implementing measures—

(i) as they have effect on [^{F12}1 January 2022], in the case of rules made by the FCA or by the PRA under FSMA; and

(ii) as amended from time to time, in all other cases.

(2) By way of an exception to paragraph 1(c), for the purposes of regulations 21, 34, 34A, 35 and 35B, and the references to the capital requirements directive therein, “Directive 2013/36/EU UK law” shall mean the law of the United Kingdom or any part of it, which was relied on by the United Kingdom immediately before IP completion day to implement Directive 2013/36/EU and its implementing measures as amended from time to time.]

F9 Reg. 2A inserted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **12** (with savings in S.I. 2019/680, **reg. 11**) (as amended by S.I. 2020/1301, regs. 1, 3, **Sch. para. 11(a)**); 2020 c. 1, **Sch. 5 para. 1(1)**

F10 Words in reg. 2A(1)(a) substituted (1.1.2022) by [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021 \(S.I. 2021/1376\)](#), regs. 1(3), **16(3)(a)**

F11 Reg. 2A(1)(b) omitted (1.1.2022) by virtue of [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021 \(S.I. 2021/1376\)](#), regs. 1(3), **16(3)(b)**

F12 Words in reg. 2A(1)(c)(i) substituted (1.1.2022) by [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021 \(S.I. 2021/1376\)](#), regs. 1(3), **16(3)(c)**

PART 2

Capital Requirements Regulations 2006: revocation

Capital Requirements Regulations 2006: revocation

3. The Capital Requirements Regulations 2006 ^{M4} are revoked.

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Marginal Citations

M4 S.I. 2006/3221; the S.I. has been amended by S.I. 2010/906, S.I. 2010/2628, S.I. 2011/1435, 2012/917 and S.I. 2013/472.

PART 3

Designation of competent authorities

[^{F13}Main provisions of the capital requirements regulation and Directive 2013/36/EU UK law]

4. For the purposes of [^{F14}every provision of Directive 2013/36/EU UK law and the] capital requirements regulation—

[^{F15}(a) the PRA is responsible for—

(i) all the functions of a competent authority in respect of PRA-**authorised persons and financial holding companies and mixed financial holding companies approved or designated by the PRA under—**

(aa) Part 12B of FSMA, or

(bb) regulation 5 of the Financial Holding Companies (Approval etc.) and Capital Requirements (Capital Buffers and Macro-prudential Measures) (Amendment) (EU Exit) Regulations 2020;

(ii) the application of Article 124(2) and Article 164(6) of the capital requirements regulation;]

^{F16}(b)

F13 Reg. 4 heading substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **13(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

F14 Words in reg. 4 substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **13(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

F15 Reg. 4(a) substituted (27.11.2020) by [The Financial Holding Companies \(Approval etc.\) and Capital Requirements \(Capital Buffers and Macro-prudential Measures\) \(Amendment\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1406\)](#), regs. 1(2), **4(3)** (with reg. 5)

F16 Reg. 4(b) omitted (1.1.2022) by virtue of [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021 \(S.I. 2021/1376\)](#), regs. 1(3), **16(4)**

Capital buffers and Article 458 of the capital requirements regulation

^{F17}5.

F17 Reg. 5 omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **14** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

^{F18}PART 4

PRA and FCA: cooperation and co-ordination

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F18 Pt. 4 omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **15** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

^{F19}PART 5

Publication of information by PRA and FCA

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F19 Pt. 5 omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **16** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

PART 6

Consolidated supervision

Determination of the consolidating supervisor

^{F20}20.

F20 Reg. 20 omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **17** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Assessment of equivalence of consolidated supervision by supervisory authorities in [^{F21}third countries]

21.—(1) In this regulation, a “relevant institution” is an institution which satisfies the following conditions—

- (a) the institution is authorised by the PRA ^{F22}...
- (b) the parent undertaking of the institution is an institution, financial holding company or mixed financial holding company whose head office is not located in [^{F23}the United Kingdom];
- (c) the institution is not subject to supervision on a consolidated basis [^{F24}by the ^{F25}... PRA];
- (d) the PRA ^{F26}... would (but for paragraph (4)) be responsible for supervision of the institution on a consolidated basis; and
- (e) either—

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- (i) the parent undertaking of the institution, or any regulated entity established in the ^{F27}[United Kingdom] which is a member of the same group as the institution, has requested the assessment referred to in paragraph (2) be carried out; or
- (ii) the PRA ^{F28}... has decided on its own initiative to carry out that assessment.

^{F29}(2) The PRA must assess whether a relevant institution is subject to supervision on a consolidated basis by a supervisory authority of a country outside the United Kingdom which is equivalent to the standard of supervision on a consolidated basis applied by the PRA in accordance with Directive 2013/36/EU UK law, the capital requirements regulation and CRR rules.]

^{F30}(3)

(4) Where the ^{F31}[PRA] concludes that a relevant institution is not subject to equivalent supervision in accordance with paragraph (2), the ^{F31}[PRA] may apply—

- (a) the requirements of ^{F32}[Directive 2013/36/EU UK law]^{F33}, the capital requirements regulation and CRR rules] to the institution, amended as necessary; or
- (b) other appropriate supervisory techniques, which must be designed to achieve the objectives of supervision on a consolidated basis ^{F34}...

(5) The other appropriate supervisory techniques referred to in paragraph (4) may include a requirement on the institution to establish a financial holding company or mixed financial holding company with its head office in ^{F35}[the United Kingdom], so that supervision on a consolidated basis may be applied in relation to the consolidated situation of that holding company.

^{F36}(6)

- F21** Words in reg. 21 heading substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018](#) (S.I. 2018/1401), regs. 1(3), **18(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F22** Words in reg. 21(1)(a) omitted (1.1.2022) by virtue of [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021](#) (S.I. 2021/1376), regs. 1(3), **16(5)(a)(i)**
- F23** Words in reg. 21(1)(b) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018](#) (S.I. 2018/1401), regs. 1(3), **18(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F24** Words in reg. 21(1)(c) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018](#) (S.I. 2018/1401), regs. 1(3), **18(c)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F25** Words in reg. 21(1)(c) omitted (1.1.2022) by virtue of [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021](#) (S.I. 2021/1376), regs. 1(3), **16(5)(a)(ii)**
- F26** Words in reg. 21(1)(d) omitted (1.1.2022) by virtue of [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021](#) (S.I. 2021/1376), regs. 1(3), **16(5)(a)(iii)**
- F27** Words in reg. 21(1)(e)(i) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018](#) (S.I. 2018/1401), regs. 1(3), **18(d)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F28** Words in reg. 21(1)(e)(ii) omitted (1.1.2022) by virtue of [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021](#) (S.I. 2021/1376), regs. 1(3), **16(5)(a)(iii)**
- F29** Reg. 21(2) substituted (1.1.2022) by [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021](#) (S.I. 2021/1376), regs. 1(3), **16(5)(b)**

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- F30** Reg. 21(3) omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **18(f)** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F31** Word in reg. 21(4) substituted (1.1.2022) by [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021 \(S.I. 2021/1376\)](#), regs. 1(3), **16(5)(c)(i)**
- F32** Words in reg. 21(4)(a) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **18(e)** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F33** Words in reg. 21(4)(a) substituted (1.1.2022) by [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021 \(S.I. 2021/1376\)](#), regs. 1(3), **16(5)(c)(ii)**
- F34** Words in reg. 21(4)(b) omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **18(g)** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F35** Words in reg. 21(5) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **18(b)** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F36** Reg. 21(6) omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **18(h)** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Co-ordination and co-operation arrangements

^{F37}22.

- F37** Regs. 22-33 omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **19** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Co-ordination of supervisory activities by the EEA consolidating supervisor

^{F37}23.

- F37** Regs. 22-33 omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **19** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

The Bank's general duties

^{F37}24.

- F37** Regs. 22-33 omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **19** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Exchange of information

^{F37}25.

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F37 Regs. 22-33 omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **19** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Obtaining information already disclosed

F37 26.

F37 Regs. 22-33 omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **19** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Verification of information by a competent authority in another EEA State

F37 27.

F37 Regs. 22-33 omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **19** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Requirement to establish list of holding companies

F37 28.

F37 Regs. 22-33 omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **19** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Joint decisions on own funds: PRA or FCA is the EEA consolidating supervisor

F37 29.

F37 Regs. 22-33 omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **19** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Joint decisions on own funds: PRA or FCA is not the EEA consolidating supervisor

F37 30.

F37 Regs. 22-33 omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **19** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Joint decision on liquidity: PRA or FCA is the EEA consolidating supervisor

F37 31.

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F37 Regs. 22-33 omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **19** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Joint decision on liquidity: PRA or FCA is not the EEA consolidating supervisor

^{F37}**32.**

F37 Regs. 22-33 omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **19** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Colleges of supervisors

^{F37}**33.**

F37 Regs. 22-33 omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **19** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

PART 7

Exercise of supervision by the PRA ^{F38} ...

F38 Words in Pt. 7 heading omitted (1.1.2022) by virtue of [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021 \(S.I. 2021/1376\)](#), regs. 1(3), **16(6)**

Supervisory powers: own funds

34.—(1) The PRA ^{F39}... must require an institution to hold own funds in excess of—

- (a) the requirements of [^{F40}Directive 2013/36/EU UK law which implemented] Chapter 4 of Title 7 of the capital requirements directive; and
- [^{F41}(b) the requirements of the capital requirements regulation and CRR rules relating to risks or elements of risks not covered by Article 1 of the capital requirements regulation or CRR rules;]

in the circumstances mentioned in paragraph (2).

(2) The circumstances referred to in paragraph (1) are—

- (a) an institution does not meet the requirements set out in [^{F42}Directive 2013/36/EU UK law which implemented] Articles 73 and 74 of the capital requirements directive or in Article 393 of the capital requirements regulation;
- (b) risks or elements of risks are not covered by the own funds requirements set out in [^{F42}Directive 2013/36/EU UK law which implemented] Chapter 4 of Title 7 of the capital requirements directive [^{F43}, the capital requirements regulation or CRR rules];

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- (c) the sole application of other administrative measures is unlikely to improve the institution's arrangements, processes, mechanisms and strategies sufficiently within an appropriate timeframe;
- (d) [^{F44}either a SREP or an internal model review] reveals that non-compliance with the requirements for the [^{F45}applicable internal approaches] will likely lead to inadequate own funds requirements;
- (e) the risks are likely to be underestimated despite compliance with the applicable requirements of [^{F46}Directive 2013/36/EU UK law [^{F47}, the capital requirements regulation or CRR rules]] ; or
- (f) an institution reports to the competent authority in accordance with Article 377(5) of the capital requirements regulation that the stress test results referred to in that Article materially exceed its own funds requirement for the correlation trading portfolio.
- (3) For the purposes of determining the appropriate level of own funds on the basis of [^{F48}a SREP], the PRA ^{F49}... must assess whether any imposition of an additional own funds requirement in excess of the own funds requirement is necessary to capture risks to which an institution is or might be exposed, taking into account the following:
- (a) the quantitative and qualitative aspects of the institution's assessment process referred to in [^{F50}Directive 2013/36/EU UK law which implemented] Article 73 of the capital requirements directive;
- (b) the institution's arrangements, processes and mechanisms referred to in [^{F50}Directive 2013/36/EU UK law which implemented] Article 74 of the capital requirements directive; [^{F51}and]
- (c) the outcome of [^{F52}the SREP or internal model review]; ^{F53}...
- ^{F54}(d)
- ^{F55}(3A)
- [^{F56}(4) In this Part—
- “internal model review” means a review carried out under regulation 34B;
- “SREP” means the supervisory review and evaluation process detailed in regulation 34A.]

- F39** Words in reg. 34(1) omitted (1.1.2022) by virtue of [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021](#) (S.I. 2021/1376), regs. 1(3), **16(7)(a)(i)**
- F40** Words in reg. 34(1)(a) inserted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018](#) (S.I. 2018/1401), regs. 1(3), **20(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F41** Reg. 34(1)(b) substituted (1.1.2022) by [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021](#) (S.I. 2021/1376), regs. 1(3), **16(7)(a)(ii)**
- F42** Words in reg. 34(2)(a)(b) inserted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018](#) (S.I. 2018/1401), regs. 1(3), **20(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F43** Words in reg. 34(2)(b) substituted (1.1.2022) by [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021](#) (S.I. 2021/1376), regs. 1(3), **16(7)(b)(i)**
- F44** Words in reg. 34(2)(d) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018](#) (S.I. 2018/1401), regs. 1(3), **20(c)(i)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

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- F45** Words in reg. 34(2)(d) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **20(c)(ii)** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F46** Words in reg. 34(2)(e) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **20(d)** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F47** Words in reg. 34(2)(e) substituted (1.1.2022) by [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021 \(S.I. 2021/1376\)](#), regs. 1(3), **16(7)(b)(ii)**
- F48** Words in reg. 34(3) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **20(e)** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F49** Words in reg. 34(3) omitted (1.1.2022) by virtue of [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021 \(S.I. 2021/1376\)](#), regs. 1(3), **16(7)(c)**
- F50** Words in reg. 34(3)(a)(b) inserted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **20(f)** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F51** Word in reg. 34(3)(b) inserted (29.12.2020) by [The Financial Holding Companies \(Approval etc.\) and Capital Requirements \(Capital Buffers and Macro-prudential Measures\) \(Amendment\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1406\)](#), regs. 1(4), **7(a)(i)**
- F52** Words in reg. 34(3)(c) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **20(g)** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F53** Word in reg. 34(3)(c) omitted (29.12.2020) by virtue of [The Financial Holding Companies \(Approval etc.\) and Capital Requirements \(Capital Buffers and Macro-prudential Measures\) \(Amendment\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1406\)](#), regs. 1(4), **7(a)(ii)**
- F54** Reg. 34(3)(d) omitted (29.12.2020) by virtue of [The Financial Holding Companies \(Approval etc.\) and Capital Requirements \(Capital Buffers and Macro-prudential Measures\) \(Amendment\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1406\)](#), regs. 1(4), **7(a)(iii)**
- F55** Reg. 34(3A) omitted (1.1.2022) by virtue of [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021 \(S.I. 2021/1376\)](#), regs. 1(3), **16(7)(d)**
- F56** Reg. 34(4) inserted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **20(h)** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

[^{F57}Supervisory review and evaluation process

34A.—(1) The competent authority must review the arrangements, strategies, processes and mechanisms implemented by an institution to comply with Directive 2013/36/EU UK law[^{F58}, the capital requirements regulation and CRR rules] and evaluate—

(a) in the case of the PRA—

(i) risks to which that institution is or might be exposed, and

(ii) risks revealed by stress testing, taking account of the nature, scale and complexity of that institution’s activities;

^{F59}(b)

(2) On the basis of the review and evaluation referred to in paragraph (1), the competent authority must determine whether the arrangements, strategies, processes and mechanisms implemented by

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an institution and the own funds and liquidity held by it ensures a sound management and coverage of its risks.

(3) The competent authority must establish the frequency and intensity of the review and evaluation referred to in paragraph (1) having regard to the size, systemic importance, nature, scale and complexity of the activities of the institution concerned.

- F57** Regs. 34A, 34B inserted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **21** (with savings in S.I. 2019/680, **reg. 11**) (as amended by S.I. 2020/1406, regs. 1(2), **11**, 12); 2020 c. 1, **Sch. 5 para. 1(1)**
- F58** Words in [reg. 34A\(1\)](#) substituted (1.1.2022) by [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021 \(S.I. 2021/1376\)](#), regs. 1(3), **16(8)(a)**
- F59** [Reg. 34A\(1\)\(b\)](#) omitted (1.1.2022) by virtue of [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021 \(S.I. 2021/1376\)](#), regs. 1(3), **16(8)(b)**

Ongoing review of the permission to use internal approaches

34B.—(1) The competent authority must review on a regular basis, and at least every 3 years, an institution's compliance with the requirements regarding internal approaches that require permission by the competent authorities before using such internal approaches for the calculation of own funds requirements in accordance with Part 3 of the capital requirements regulation [^{F60}and CRR rules].

(2) In its review the competent authority must have particular regard to changes in an institution's business and to the implementation of those approaches to new products.

(3) Where material deficiencies are identified in risk capture by an institution's internal approaches, the competent authority must ensure these are rectified, or take appropriate steps to mitigate their consequences, including by imposing higher multiplication factors, or imposing capital add-ons, or taking other appropriate and effective measures.

(4) The competent authority must in particular review and assess whether the institution uses well developed and up-to-date techniques and practices for its internal approaches.

(5) If for an internal market risk model numerous overshootings referred to in Article 366 of the capital requirements regulation indicate that the model is not or is no longer sufficiently accurate, the competent authority must revoke the permission for using the internal model or impose appropriate measures to ensure that the model is improved promptly.

(6) If an institution has received permission to apply an approach that requires permission by the competent authority before using such an approach for the calculation of own funds requirements in accordance with Part 3 of the capital requirements regulation but no longer meets the requirements ^{F61}... for applying that ^{F62}... approach, the competent authority must require the institution either to satisfy the competent authority that the effect of non-compliance is immaterial where applicable in accordance with the capital requirements regulation or to present a plan for the timely restoration of compliance with the requirements and set a deadline for its implementation.

(7) The competent authority must require improvements to that plan if it is unlikely to result in full compliance or if the deadline is inappropriate.

(8) If the institution is unlikely to be able to restore compliance within an appropriate deadline and, where applicable, has not satisfactorily demonstrated that the effect of non-compliance is immaterial, the permission to use the internal approach must be revoked or limited to compliant areas or those where compliance can be achieved within an appropriate deadline.]

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- F57** Regs. 34A, 34B inserted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **21** (with savings in S.I. 2019/680, **reg. 11**) (as amended by S.I. 2020/1406, regs. 1(2), **11**, 12); 2020 c. 1, **Sch. 5 para. 1(1)**
- F60** Words in [reg. 34B\(1\)](#) inserted (1.1.2022) by [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021 \(S.I. 2021/1376\)](#), regs. 1(3), **16(9)**
- F61** Words in [reg. 34B\(6\)](#) omitted (17.8.2022) by virtue of [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2022 \(S.I. 2022/838\)](#), regs. 1(2), **9(a)** (with regs. 24-26)
- F62** Word in [reg. 34B\(6\)](#) omitted (17.8.2022) by virtue of [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2022 \(S.I. 2022/838\)](#), regs. 1(2), **9(b)** (with regs. 24-26)

Specific liquidity requirements

35. For the purposes of determining the appropriate level of liquidity requirements on the basis of [^{F63}a SREP], the [^{F64}PRA] must assess whether the imposition of a specific liquidity requirement is necessary to capture liquidity risks to which an institution is or might be exposed, taking into account the following—

- (a) the particular business model of the institution;
- (b) the institution's arrangements, processes and mechanisms (as referred to in [^{F65}Directive 2013/36/EU UK law which implemented] Section 2 of Chapter 2 of Title 7 to the capital requirements directive, in particular in Article 86);
- (c) the outcome of [^{F66}the SREP]; and
- (d) any systemic liquidity risk that threatens the integrity of the financial markets of the United Kingdom.

- F63** Words in [reg. 35](#) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **22(a)** (with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F64** Word in [reg. 35](#) substituted (1.1.2022) by [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021 \(S.I. 2021/1376\)](#), regs. 1(3), **16(10)**
- F65** Words in [reg. 35\(b\)](#) inserted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **22(b)** (with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F66** Words in [reg. 35\(c\)](#) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **22(c)** (with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, **Sch. 5 para. 1(1)**

[^{F67}Application of supervisory measures to institutions with similar risk profiles

^{F68}**35A.**

- F67** Regs. 35A-35C inserted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **23** (with savings in S.I. 2019/680, **reg. 11**) (as amended by S.I. 2020/1406, regs. 1(2), **12**); 2020 c. 1, **Sch. 5 para. 1(1)**

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F68 Reg. 35A omitted (1.1.2022) by virtue of The Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (S.I. 2021/1376), regs. 1(3), **16(11)**

Supervisory powers

35B. For the purposes of a SREP, an internal model review, and in order to address a situation where an institution does not meet the requirements of the Capital Requirements Regulation [^{F69}, CRR rules] or Directive 2013/36/EU UK law, or where the competent authority has evidence that an institution is likely to breach such requirements within the following twelve months, the [^{F70}competent authority] may at least—

- (a) require the reinforcement of the arrangements, processes, mechanisms and strategies implemented in accordance with Directive 2013/36/EU UK law which implemented Articles 73 and 74;
- (b) require institutions to present a plan to restore compliance with supervisory requirements and set a deadline for its implementation, including improvements to that plan regarding scope and deadline;
- (c) require institutions to apply a specific provisioning policy or treatment of assets in terms of own funds requirements;
- (d) to restrict or limit the business, operations or network of institutions or to request the divestment of activities that pose excessive risks to the soundness of an institution;
- (e) require the reduction of the risk inherent in the activities, products and systems of institutions;
- (f) require institutions to limit variable remuneration as a percentage of net revenues where it is inconsistent with the maintenance of a sound capital base;
- (g) require institutions to use net profits to strengthen own funds;
- (h) restrict or prohibit distributions or interest payments by an institution to shareholders, members or holders of Additional Tier 1 instruments (which meets the requirements of Article 52 of the capital requirements regulation) where the prohibition does not constitute an event of default of the institution;
- (i) impose additional or more frequent reporting requirements, including reporting on capital and liquidity positions;
- (j) impose specific liquidity requirements, including restrictions on maturity mismatches between assets and liabilities;
- (k) require additional disclosures.

F67 Regs. 35A-35C inserted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **23** (with savings in S.I. 2019/680, **reg. 11**) (as amended by S.I. 2020/1406, regs. 1(2), **12**); 2020 c. 1, **Sch. 5 para. 1(1)**

F69 Words in reg. 35B inserted (1.1.2022) by The Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (S.I. 2021/1376), regs. 1(3), **16(12)(a)**

F70 Words in reg. 35B substituted (1.1.2022) by The Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (S.I. 2021/1376), regs. 1(3), **16(12)(b)**

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Specific publication requirements

- 35C.**—(1) The competent authorities may require institutions to—
- (a) publish information referred to in [^{F71}the Disclosure (CRR) Part of the PRA Rulebook] more than once per year, and to set deadlines for publication
 - (b) use specific media and locations for publications other than the financial statements and
- (2) The competent authorities may require parent undertakings to publish annually, either in full or by way of references to equivalent information, a description of their legal structure and governance and organisational structure of the group of institutions.]

F67	Regs. 35A-35C inserted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401) , regs. 1(3), 23 (with savings in S.I. 2019/680, reg. 11) (as amended by S.I. 2020/1406, regs. 1(2), 12); 2020 c. 1, Sch. 5 para. 1(1)
F71	Words in reg. 35C(1)(a) substituted (1.1.2022) by The Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (S.I. 2021/1376) , regs. 1(3), 16(13)

Employee remuneration

- 36.**—[^{F72}(1)] The [^{F73}PRA] must—
- (a) collect the information disclosed by institutions in accordance with the criteria for disclosure set out at points (g), (h) and (i) of Article 450(1) of the capital requirements regulation and use it to benchmark remuneration trends and practices;
 - [^{F74}(b) collect information on the number of employees in each institution that are remunerated 1 million euros or more per financial year, in pay brackets of 1 million euros, including their job responsibilities, the business area involved and the main elements of salary, bonus, long-term award and pension contribution;]
 - (c) collect the information disclosed by institutions about any decisions taken by their shareholders, owners or members to approve a higher ratio between the fixed and variable components of remuneration approved in accordance with [^{F75}applicable remuneration rules] and use it to benchmark practices in relation to the level of such ratios; ^{F76}...

^{F76}(d)

[^{F77}(2) In paragraph (1)(c) “applicable remuneration rules” [^{F78}means rule 15.10 of the Remuneration Part of the PRA Rulebook]]

F72	Reg. 36 renumbered as reg. 36(1) (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401) , regs. 1(3), 24(a) (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
F73	Word in reg. 36(1) substituted (1.1.2022) by The Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (S.I. 2021/1376) , regs. 1(3), 16(14)(a)
F74	Reg. 36(1)(b) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401) , regs. 1(3), 24(b) (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
F75	Words in reg. 36(1)(c) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401) , regs. 1(3), 24(c) (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

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- F76** Reg. 36(1)(d) and word omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **24(d)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F77** Reg. 36(2) inserted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **24(e)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F78** Words in reg. 36(2) substituted (1.1.2022) by The Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (S.I. 2021/1376), regs. 1(3), **16(14)(b)**

Diversity practices

37. The [F79PRA] must—

- (a) collect the information disclosed by institutions in accordance with Article 435(2)(c) of the capital requirements regulation and use it to benchmark diversity practices; F80 ...

F80(b)

- F79** Word in reg. 37 substituted (1.1.2022) by The Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (S.I. 2021/1376), regs. 1(3), **16(15)**
- F80** Reg. 37(b) and word omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **25** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Consultation with EBA: supervisory benchmarking of internal approaches for calculation own funds requirements

F81**38.**

- F81** Reg. 38 omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), **26** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

PART 8

Permissions under the CRR

Meaning of “permission” and “protected item” in this Part

39.—[F82(1)] In this Part—

“permission” means a decision made by [F83the PRA] in relation to an institution under a power conferred on [F84the PRA] by—

- (a) the capital requirements regulation; F85 ...
- (aa) [F86section 144G of FSMA and CRR rules (as defined in Part 9D of FSMA);
- (ab) section 192XC of FSMA and section 192XA rules (as defined in Part 12B of FSMA);]

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- (b) [^{F87}any of the Specified EU Regulations under the Capital Requirements Regulation, as amended from time to time; or]
- (c) [^{F88}a technical standard made by the PRA ^{F89}... under the functions conferred on them by the Capital Requirements Regulation as amended by Part 4, Chapter 3 of the Capital Requirements (Amendment) (EU Exit) Regulations 2018.]

“protected item” has the same meaning as in section 413 of FSMA.

^{F90}(2)

F82	Reg. 39 renumbered as reg 39(1) (9.6.2021) by Financial Services Act 2021 (c. 22), s. 49(5), Sch. 3 para. 22(2) (with Sch. 3 Pt. 4); S.I. 2021/671, reg. 2(d)
F83	Words in reg. 39(1) substituted (1.1.2022) by The Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (S.I. 2021/1376), regs. 1(3), 16(16)(a)(i)
F84	Words in reg. 39(1) substituted (1.1.2022) by The Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (S.I. 2021/1376), regs. 1(3), 16(16)(a)(ii)
F85	Word in reg. 39 omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), 27(a) (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
F86	Words in reg. 39(1) inserted (9.6.2021) by Financial Services Act 2021 (c. 22), s. 49(5), Sch. 3 para. 22(3) (with Sch. 3 Pt. 4); S.I. 2021/671, reg. 2(d)
F87	Words in reg. 39 substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), 27(b) (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
F88	Words in reg. 39 inserted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), 27(c) (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
F89	Words in reg. 39(1) omitted (1.1.2022) by virtue of The Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (S.I. 2021/1376), regs. 1(3), 16(16)(a)(iii)
F90	Reg. 39(2) omitted (1.1.2022) by virtue of The Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (S.I. 2021/1376), regs. 1(3), 16(16)(b)

Applications for permissions: process, information and documents

- 40.—**(1) This regulation applies to an application to the [^{F91}PRA] for—
- (a) the grant of a permission;
 - (b) an amendment to an existing permission;
 - (c) an amendment to a condition to which an existing permission is subject.
- (2) An application must—
- (a) be made in such manner as the [^{F91}PRA] may direct; and
 - (b) contain, or be accompanied by, such other information or documents as the [^{F91}PRA] may reasonably require.
- (3) At any time after receiving the application and before determining it, the [^{F91}PRA] may require the applicant to provide it with such further information or documents as it may reasonably require.

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(4) The [F91PRA] may require any information provided under this regulation to be provided in such form and verified in such manner as it may reasonably require.

(5) The [F91PRA] may require any documents provided under this regulation to be produced at such place and authenticated in such manner as it may reasonably require.

(6) Different directions may be given, and different requirements imposed, in relation to different applications or categories of application.

(7) The powers conferred on the [F91PRA] by this regulation may not be used to require the production of a protected item.

F91 Word in reg. 40 substituted (1.1.2022) by [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021 \(S.I. 2021/1376\)](#), regs. 1(3), **16(17)**

Decisions: written notices

41.—(1) On determining an application for the grant of a permission, the [F92PRA] must give the applicant a written notice stating—

- (a) its decision; and
- (b) if the permission is granted, any conditions to which the permission is subject and the date on which the permission takes effect.

(2) Where the [F92PRA] varies or revokes a permission, it must give the institution concerned a written notice stating—

- (a) that the permission is varied or revoked; and
- (b) the date on which the variation or revocation takes effect.

(3) Where the [F92PRA] amends a condition to which a permission is subject, it must give the institution concerned a written notice stating—

- (a) the amended condition; and
- (b) the date on which the amendment takes effect.

F92 Word in reg. 41 substituted (1.1.2022) by [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021 \(S.I. 2021/1376\)](#), regs. 1(3), **16(18)**

Appeals

42.—(1) Where an applicant is aggrieved at the determination of an application for the grant of a permission, it may refer the matter to the Tribunal.

(2) Where an institution has been granted a permission and is aggrieved at the variation or revocation of the permission or the amendment of a condition to which the permission is subject, it may refer the matter to the Tribunal.

(3) Part 9 of FSMA (hearings and appeals) applies to a reference to the Tribunal under this regulation as it applies to a reference to the Tribunal under an Act.

Publication of written notices

43.—(1) Subject to paragraph (2), the [F93PRA] must publish a relevant notice in the way appearing to [F94the PRA] to be best calculated for bringing it to the attention of—

- (a) persons likely to be affected by it; and
- (b) persons who are, in the opinion of [F94the PRA], likely to make an application for a similar permission.

(2) Paragraph (1) does not apply if—

- (a) the relevant notice relates to an application for a permission which has been refused; or
- (b) [F94the PRA] is satisfied that it is inappropriate or unnecessary to publish the relevant notice.

(3) In deciding whether it is satisfied of the matters mentioned in paragraph (2)(b), [F94the PRA] must consider whether—

- (a) publication would prejudice, to an unreasonable degree, the commercial interests of the person concerned or any other member of the person's immediate group;
- (b) publication of the relevant notice without mentioning the identity of the person concerned might avoid any adverse consequence of publication.

(4) In this regulation, “relevant notice” means a written notice—

- (a) given under regulation 41 in relation to a decision of [F95the PRA]; or
- (b) stating that an event referred to in paragraph (5) has occurred in relation to that decision.

(5) The events mentioned in paragraph (4)(b) are—

- (a) the decision has been referred to the Tribunal;
- (b) the decision has been suspended by the Tribunal;
- (c) any suspension of the decision has been revoked by the Tribunal;
- (d) the reference has been dismissed by the Tribunal.

F93	Word in reg. 43(1) substituted (1.1.2022) by The Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (S.I. 2021/1376) , regs. 1(3) , 16(19)(a)
F94	Words in reg. 43 substituted (1.1.2022) by The Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (S.I. 2021/1376) , regs. 1(3) , 16(19)(c)
F95	Words in reg. 43(4)(a) substituted (1.1.2022) by The Financial Services Act 2021 (Prudential Regulation of Credit Institutions and Investment Firms) (Consequential Amendments and Miscellaneous Provisions) Regulations 2021 (S.I. 2021/1376) , regs. 1(3) , 16(19)(b)

Transitional provision for matters done before commencement

44.—(1) This regulation applies to a decision made before 1st January 2014 to—

- (a) refuse an application for the grant of a permission;
- (b) vary or revoke a permission; or
- (c) amend a condition to which a permission is subject.

(2) Regulations 40 to 43 apply to such a decision with the following modifications—

- (a) omit regulation 40;

Changes to legislation: *The Capital Requirements Regulations 2013 is up to date with all changes known to be in force on or before 22 December 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

- (b) the appropriate regulator must comply with the requirements of regulations 41 and 43 in relation to the decision no later than 1st January 2014; and
- (c) regulation 42 applies to the decision, but with the period of time within which a reference may be made to the Tribunal commencing on 1st January 2014.

PART 9

Misleading the PRA or FCA

Misleading the PRA or FCA

45. Section 398 of FSMA (misleading FCA or PRA: residual cases) applies to a requirement imposed by or under—

- (a) the capital requirements regulation;
- [^{F96}(b) any of the Specified EU Regulations under the Capital Requirements Regulation, as amended from time to time;]
- [^{F97}(ba) a technical standard made by the PRA or FCA under the functions conferred on them by the Capital Requirements Regulation as amended by Part 4, Chapter 3 of the Capital Requirements (Amendment) (EU Exit) Regulations 2018; or]
- (c) these Regulations;

as it applies to a requirement imposed by or under FSMA.

F96 Reg. 45(b) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **28(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

F97 Reg. 45(ba) inserted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **28(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

PART 10

Amendments and revocations

Amendments and revocations

46.—(1) Schedule 2, which contains amendments to primary and secondary legislation, has effect.

(2) Schedule 3, which contains revocations of secondary legislation, has effect.

David Evennett
Mark Lancaster
Two of the Lords Commissioners of Her
Majesty's Treasury

Changes to legislation:

The Capital Requirements Regulations 2013 is up to date with all changes known to be in force on or before 22 December 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.

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Changes and effects yet to be applied to :

- Regulations revoked by [2023 c. 29 Sch. 1 Pt. 2](#)