EXPLANATORY MEMORANDUM TO

THE CAPITAL REQUIREMENTS (AMENDMENT) (EU EXIT) REGULATIONS 2019

2019 No. 1232

1. Introduction

1.1 This explanatory memorandum has been prepared by Her Majesty's Treasury and is laid before Parliament by Command of Her Majesty.

1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Purpose of the instrument

2.1 This instrument is being made to address deficiencies in retained EU law in the Capital Requirements Regulation (Regulation (EU) 575/2013) ('the CRR'), as amended by the Capital Requirements Regulation II (Regulation (EU) 2019/876) ('CRRII'). The CRR is a core part of the EU's prudential regulation regime for banks, building societies and investment firms. Some of the CRRII amendments to the CRR, which update the regime's approach to the setting of capital requirements and the resolution of banks, became applicable across the EU in June 2019 and will therefore form part of UK law at exit. This instrument will ensure that the CRR, as amended by CRRII, continues to operate effectively once the UK has left the EU.

Explanations - What did any relevant EU or UK law do before exit day and how is it being changed?

2.2 The EU's prudential policy regime for banks, building societies and investment firms consists of the CRR and the Capital Requirements Directive IV (Directive 2013/36/EU) ('CRDIV'), together with a range of Binding Technical Standards (BTS). CRR is directly applicable while CRDIV was implemented in UK legislation, predominantly through the Capital Requirements (Country-by-Country Reporting) Regulations 2013 (SI 2013/3118), the Capital Requirements (Capital Buffers and Macroprudential Measures) Regulations 2014 (SI 2014/894), and regulator rules.

2.3 This collection of legislation contains the EU's implementation of the international Basel accords, a set of prudential standards predominantly developed in the aftermath of the financial crisis and agreed by the G20. Prudential policy is focused on measuring risk and mitigating that risk through the maintenance of adequate capital reserves. It is designed to help protect depositors, consumers and other senior creditors of banks, building societies and investment firms. It also helps to maintain confidence in financial systems and promotes financial stability.

2.4 The CRR, as amended by CRRII, together with the accompanying CRDIV, sets out various standards for the management of capital, liquidity and credit risk. This includes regulations that require banks to set aside enough capital to cover their risks, with these capital requirements adjusted dependent on the level of risk a bank takes. Banks are also required to hold a sufficient level of liquid assets – i.e. assets that can be readily accessed at times of financial stress. The legislation sets out some standard measures of risk in order to determine the level of capital a firm is required to hold.

2.5 Deficiencies arising from the CRR as it would have formed part of UK law on the original exit day of 29 March 2019 were corrected by the Capital Requirements (Amendment) (EU Exit) Regulations 2018 (SI 2018/1401) ('the CRRI SI'), which was made in December 2018. This SI therefore addresses the deficiencies resulting from the more recent changes made by CRRII, but only those changes that will be applicable in the UK by 31 October 2019. The relevant elements of CRRII are set out in more detail below but predominantly relate to new definitions, technical rules regarding what qualifies as capital, new mandates for the European Supervisory Authorities (ESAs) to draft BTS, and some changes to loss absorbing equity and debt, known as the Minimum Requirement for Own Funds and Eligible Liabilities (MREL).

2.6 If this SI were not made ahead of the UK's exit from the EU, there could be significant impacts on the UK's prudential and resolution policy regimes. Significant elements of the UK's prudential and resolution legislation would become inoperable or would not operate as intended. Paragraphs 2.7 to 2.16 below set out the key issues addressed in this SI.

Definitions and references to EU law

2.7 CRRII makes amendments to Article 4 of the CRR, which establishes relevant definitions. This SI updates these definitions where necessary to ensure they can function correctly in a UK-only context. It also makes amendments to ensure that the definitions amended by CRRII are consistent with the changes made in the CRRI SI.

2.8 The vast majority of these changes to definitions adjust the geographical scope of the CRR, reflecting the fact that this SI is intended for a UK-only context. For example, the SI amends CRR by replacing the definition of a 'parent institution in a Member State' with that of a 'UK parent institution'. This ensures that the definition of a parent institution is maintained, but amended to limit the definition to institutions within the UK.

2.9 Other changes ensure that appropriate cross-references to definitions in other pieces of legislation are made. Where the CRR refers to an EU Directive, this is replaced where possible with a reference to UK legislation. For example, where the CRR defines 'Alternative Investment Fund (AIF)' through referencing a definition contained within EU Directive 2011/61/EU, this SI amends Article 4(1) to define an AIF using a cross-reference to the UK's Alternative Investment Fund Managers Regulations 2013(b).

2.10 One Directive that is referenced at various points in CRRII is the EU's Bank Recovery and Resolution Directive II (BRRDII), which is due to be implemented by Member States by December 2020. The UK will not have implemented this Directive before 31 October 2019 and so references to BRRDII will be inoperable in UK law after exit. This SI therefore removes references to BRRDII, except where a concept is integral to CRR II, in which case it has been incorporated to ensure the legislation remains operable. Many of the references to BRRDII relate to cooperation through EU resolution colleges, which the UK will no longer be part of post-exit. As the requirement to engage with EU resolution colleges will fall away for the UK post-exit, the impact of the removal of these references should be limited. It is important to note that, while UK regulators will not be a part of the EU college framework after exit, cross-border cooperation on resolution issues will continue through international Crisis Management Groups for Global Systemically Important Institutions (G-SIIs). The UK authorities will continue to host Crisis Management Groups for the UK G-

SIIs and to participate in the Crisis Management Groups for relevant G-SIIs headquartered in the EU.

Transfer of functions

2.11 The applicable aspects of CRRII make numerous references to the ESAs – in particular, the European Banking Authority and the European Securities and Markets Authority. Consistent with HM Treasury's general approach to financial services SIs made under the EU (Withdrawal) Act (EUWA), and with the approach taken in the CRRI SI, this SI transfers these functions to the appropriate UK bodies – including HM Treasury, the Prudential Regulation Authority (PRA), and the Financial Conduct Authority (FCA). In some cases functions are transferred to both the PRA and FCA, while in other cases they are transferred to a specific regulator.

2.12 These functions include requirements to draft BTS. This is in line with the approach taken across financial services EU exit legislation, where the Treasury is transferring responsibility for making BTS to UK regulators, with this function to be exercised in accordance with the requirements set out in the Financial Regulators' Powers (Technical Standards etc.) (Amendments etc.) (EU Exit) Regulations 2018 (SI 2018/1115).

2.13 For example, Article 430 of CRR is amended by CRRII, setting out reporting requirements on prudential requirements and financial information. Paragraph 7 of that article, in its current form as EU law, states that the "EBA shall develop draft implementing technical standards" that specify reporting formats, templates and other information related to reporting. This SI replaces "EBA" with "the FCA and PRA" for the purpose of making tertiary legislation. This ensures that the requirements of Article 430 can still be fulfilled in a UK-only context. This process of replacing ESAs with UK authorities is consistently replicated throughout the SI.

Treatment of EU firms and holdings of EU assets

2.14 An important part of HM Treasury's approach to preparing for exit is to ensure that the UK regulatory regime can operate effectively without relying on any special arrangements with the EU. This approach has been followed consistently across financial services SIs made under the EUWA and is followed in this instrument.

2.15 The CRR as amended by CRRII specifies how much capital and liquidity firms must hold against different types of exposures, for example exposures to central counterparties or central banks. Under the CRR and CRRII, EU assets are automatically given preferential treatment. Some third countries' exposures may also be given preferential treatment if their prudential rules have been deemed equivalent to EU rules by the European Commission. Given that the UK will leave the common EU supervisory and regulatory framework, it would not be appropriate to embed preferential capital treatment for EU exposures. This SI therefore removes the automatic preferential treatment for EU27 firms, and this approach is consistent with that taken in the CRRI SI, approved by Parliament in 2018. The CRRI SI also transferred the equivalence functions of the Commission under the CRR to HM Treasury.

2.16 A resolution-specific example of the removal of preferential treatment for the EU27 relates to provisions introduced by CRRII regarding MREL. CRRII imposes additional internal MREL requirements for *non-EU* G-SIIs. This has the effect of increasing the amount of MREL that material subsidiaries of non-EU G-SIIs should

maintain from a range of 75%-90%, to 90% of the full amount of external MREL that the entity would be required to maintain if it were a resolution entity. The third country approach taken by HM Treasury means that this SI will change the scope to *non-UK* G-SIIs. This will mean that material subsidiaries of *EU* G-SIIs operating in the UK will potentially need to issue more internal MREL when the UK leaves the EU to meet their requirements under CRRII. (Likewise, in the EU27, subsidiaries of UK G-SIIs operating within the EU27 will be treated as third country subsidiaries and will be required to meet the higher internal MREL requirements.) The Bank of England, supported by HM Treasury, has proposed to apply its transitional powers to delay the impact of this change until 31 December 2020, giving affected firms in the UK time to adjust to changes to meet their obligations.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

3.1 This instrument is made using the urgent 'made-affirmative' procedure. The Ministerial statement in Part 2 of the Annex to this Explanatory Memorandum explains why use of the made-affirmative procedure is necessary.

Matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business (English Votes for English Laws)

3.2 The territorial application of this instrument includes Scotland and Northern Ireland.

3.3 The powers under which this instrument is made cover the entire United Kingdom (see section 2(2) of Schedule 2 to the European Communities Act 1972, and section 8(1) of, and paragraph 21 of Schedule 7 to the European Union (Withdrawal) Act 2018) and the territorial application of this instrument is not limited by either act or by the instrument.

4. Extent and Territorial Application

4.1 The territorial extent of this instrument is to the whole United Kingdom.

4.2 The territorial application of this instrument is to the whole United Kingdom.

5. European Convention on Human Rights

5.1 The Economic Secretary to the Treasury (John Glen MP) has made the following statement regarding Human Rights:

"In my view the provisions of the Capital Requirements Regulations (Amendment) (EU Exit) Regulations 2019 are compatible with the Convention rights."

6. Legislative Context

6.1 This instrument makes consequential amendments to existing secondary legislation, all of which fall into one of two categories.

6.2 First, there are four pieces of secondary legislation that implemented, or were connected with the implementation of, CRDIV that cross-refer to the CRR. The CRRI SI amended these such that references therein would refer to the CRR as it stood on the day that the CRRI SI was made. This was appropriate when preparing for the UK's departure from the EU on 29 March 2019, but these references now need updating so that they reflect the CRR as amended by CRRII. Part 2 of the instrument

therefore amends: the Regulated Covered Bonds Regulations 2008; the Capital Requirements Regulations 2013; the Capital Requirements (Country-by-Country Reporting) Regulations 2013; and the Capital Requirements (Capital Buffers and Macro-prudential Measures) Regulations 2014.

6.3 There are a number of amendments to the CRR made by the CRRI SI that have been rendered inapplicable because of changes made to the CRR by CRRII, either because the provisions of the CRR in question have been removed by CRRII, or have been amended in such a way that the earlier fixing of deficiencies by the CRRI SI would no longer work. These provisions of the CRRI SI have been deleted by this instrument.

6.4 There are no amendments to UK primary legislation made by this instrument.

7. Policy background

What is being done and why?

7.1 It is the duty of a responsible government to plan for all eventualities, including the possibility that the UK leaves the EU on 31 October 2019 without an agreement. Since July 2018, HM Treasury has been using the powers in the EUWA to ensure that the UK continues to have a functioning financial services regulatory regime in all scenarios. Parliament had approved all of the legislative amendments necessary to achieve this in time for exit on 29 March 2019. Since the extension to the Article 50 process, new EU financial services legislation will become operative between 29 March and 31 October 2019 and will therefore form part of retained EU law under the EUWA on exit day. Further statutory instruments under the EUWA are therefore necessary to ensure the UK's financial services regulatory regime remains prepared for exit.

7.2 The EUWA repeals the European Communities Act 1972 and converts into UK domestic law the existing body of directly applicable EU law (including EU Regulations). It also preserves UK laws relating to EU membership, such as legislation implementing EU Directives. This body of law is referred to as "retained EU law". The EUWA gives ministers a power to prevent, remedy or mitigate any failure of retained EU law to operate effectively, or any other deficiency in retained EU law, through statutory instruments. These contingency preparations for financial services legislation are sometimes referred to as 'onshoring.' The financial services onshoring SIs are not intended to make policy changes, other than to reflect the UK's new position outside of the EU, and to smooth the transition to this position. The scope of the EUWA powers is drafted to reflect this purpose and is subject to further restrictions, such as the inability to use the power to impose or increase taxation, or to establish a public authority. The power is also time-limited and falls away two years after exit day.

7.3 Wherever practicable, the proposed approach is that the same laws and rules that are currently in place in the UK would continue to apply at the point of exit, providing continuity and certainty as we leave the EU. But some change to regulatory requirements will be necessary to ensure the UK's regulatory regime continues to operate effectively after exit.

7.4 If the UK were to leave the EU without an agreement, the UK would be outside the EU's framework for financial services. The UK's position in relation to the EU would be determined by the Member State and EU rules that apply to 'third countries'. The European Commission has confirmed that this would be the case.

7.5 The approach in this scenario cannot and does not rely on any special arrangements being in place between the UK and the EU. As a general principle, the UK would need to default to treating EU Member States largely as it does other third countries, although there are cases where a different approach would be needed, including to provide for a smooth transition to the UK's new position outside of the EU.

7.6 HM Treasury published a document on 27 June 2018, which sets out in more detail HM Treasury's approach to financial services legislation under the EUWA. (https://www.gov.uk/government/publications/financial-services-legislation-under-the-eu-withdrawal-act).

8. European Union (Withdrawal) Act/Withdrawal of the United Kingdom from the European Union

8.1 This instrument is being made using the powers conferred by section 2(2) of the European Communities Act 1972, and by sections 8(1) of, and paragraph 21 of Schedule 7 to, the European Union (Withdrawal) Act 2018 in order to address failures of retained EU law to operate effectively or other deficiencies arising from the withdrawal of the United Kingdom from the European Union.

9. Consolidation

9.1 There are currently no plans to consolidate the relevant legislation.

10. Consultation outcome

10.1 HM Treasury has not undertaken a consultation on the instrument, but has engaged with relevant stakeholders on its approach to financial services legislation under the European Union (Withdrawal) Act 2018, including on this instrument, in order to familiarise industry stakeholders with the legislation ahead of laying.

11. Guidance

11.1 No further guidance is being published alongside this instrument.

12. Impact

12.1 There is limited impact on business from this SI. The main impact will be a one-off familiarisation cost for banks, building societies and investment firms who are subject to the CRR. The extent of familiarisation cost will vary according to the particular business activities of affected firms, though for most affected businesses the costs will be minimal.

12.2 As with the CRRI SI, there may be an impact on some firms as a result of the EU27 being treated as a third country post-exit, including an impact on the capital requirements for some banks operating in the UK. Subsidiaries of non-UK G-SIIs operating in the UK may have to maintain more financial resources for use in resolution as a result: paragraphs 2.14 to 2.16 above explain the approach to fixing deficiencies related to third country treatment. Firms impacted by this change may choose to make changes to their business that would minimise the impact of these amendments. Furthermore, the Bank of England has proposed to apply its transitional powers to delay the impact of this change until 31 December 2020, allowing firms more time to prepare and thus minimising costs. It is therefore not possible for HMT to assess the extent to which this change will have an impact on firms.

12.3 The impact on the public sector is that, after the UK leaves the EU, the Bank of England, FCA and the PRA will be responsible for carrying out functions under CRR that are currently carried out by the ESAs, as regulation and supervision of credit institutions and investment firms is predominantly carried out at national level, and as UK regulators already play a major role in the ESAs, the PRA and FCA are well prepared for taking on these additional functions. There is no material impact on charities or voluntary bodies.

12.4 An Impact Assessment has not been prepared for this instrument because in line with Better Regulation guidance, HM Treasury considers that the estimable net impact on businesses will be less than £5 million a year. Due to this limited impact, a de minimis Impact Assessment has been carried out.

13. Regulating small business

13.1 The legislation applies to activities undertaken by small businesses if they currently fall within the scope of CRR.

13.2 No specific action is necessary to minimise regulatory burdens on small businesses. The intention of this SI is to ensure that the prudential regime within the UK continues to operate as intended when the UK leaves the EU. This SI therefore aims to minimise the impact of these regulatory changes on all firms, including small businesses.

14. Monitoring & review

14.1 As this instrument is made under the EU (Withdrawal) Act 2018, no review clause is required.

15. Contact

15.1 Hiral Arjan at HM Treasury Telephone: 020 7270 5575 or email: Hiral.Arjan@hmtreasury.gov.uk can be contacted with any queries regarding the instrument.

15.2 Tom Duggan, Deputy Director for Securities, Markets and Banking at HM Treasury can confirm that this Explanatory Memorandum meets the required standard.

15.3 John Glen MP, Economic Secretary to the Treasury can confirm that this Explanatory Memorandum meets the required standard.

Annex

Statements under the European Union (Withdrawal) Act 2018

Part 1

Table of Statements under the 2018 Act

This table sets out the statements that may be required under the 2018 Act.

Statement	Where the requirement sits	To whom it applies	What it requires
Sifting	Paragraphs 3(3), 3(7) and 17(3) and 17(7) of Schedule 7	Ministers of the Crown exercising sections 8(1), 9 and 23(1) to make a Negative SI	Explain why the instrument should be subject to the negative procedure and, if applicable, why they disagree with the recommendation(s) of the SLSC/Sifting Committees
Appropriate-ness	Sub-paragraph (2) of paragraph 28, Schedule 7	Ministers of the Crown exercising sections 8(1), 9 and 23(1) or jointly exercising powers in Schedule 2	A statement that the SI does no more than is appropriate.
Good Reasons	Sub-paragraph (3) of paragraph 28, Schedule 7	Ministers of the Crown exercising sections 8(1), 9 and 23(1) or jointly exercising powers in Schedule 2	Explain the good reasons for making the instrument and that what is being done is a reasonable course of action.
Equalities	Sub-paragraphs (4) and (5) of paragraph 28, Schedule 7	Ministers of the Crown exercising sections 8(1), 9 and 23(1) or jointly exercising powers in Schedule 2	Explain what, if any, amendment, repeals or revocations are being made to the Equalities Acts 2006 and 2010 and legislation made under them. State that the Minister has had due regard to the need to eliminate discrimination and other conduct prohibited under the Equality Act 2010.
Explanations	Sub-paragraph (6) of paragraph 28, Schedule 7	Ministers of the Crown exercising sections 8(1), 9 and 23(1) or jointly exercising powers in Schedule 2 In addition to the statutory obligation the Government has made a political commitment to include these statements alongside all EUWA SIs	Explain the instrument, identify the relevant law before exit day, explain the instrument's effect on retained EU law and give information about the purpose of the instrument, e.g., whether minor or technical changes only are intended to the EU retained law.
Criminal offences	Sub-paragraphs (3) and (7) of paragraph 28, Schedule 7	Ministers of the Crown exercising sections 8(1), 9, and	Set out the 'good reasons' for creating a criminal offence, and the penalty attached.

		23(1) or jointly exercising powers in Schedule 2 to create a criminal offence	
Sub-delegation	Paragraph 30, Schedule 7	Ministers of the Crown exercising sections 10(1), 12 and part 1 of Schedule 4 to create a legislative power exercisable not by a Minister of the Crown or a Devolved Authority by Statutory Instrument.	State why it is appropriate to create such a sub-delegated power.
Urgency	Paragraph 34, Schedule 7	Ministers of the Crown using the urgent procedure in paragraphs 4 or 14, Schedule 7.	Statement of the reasons for the Minister's opinion that the SI is urgent.
Explanations where amending regulations under 2(2) ECA 1972	Paragraph 13, Schedule 8	Anybody making an SI after exit day under powers outside the European Union (Withdrawal) Act 2018 which modifies subordinate legislation made under s. 2(2) ECA	Statement explaining the good reasons for modifying the instrument made under s. 2(2) ECA, identifying the relevant law before exit day, and explaining the instrument's effect on retained EU law.
Scrutiny statement where amending regulations under 2(2) ECA 1972	Paragraph 16, Schedule 8	Anybody making an SI after exit day under powers outside the European Union (Withdrawal) Act 2018 which modifies subordinate legislation made under s. 2(2) ECA	Statement setting out: a) the steps which the relevant authority has taken to make the instrument published in accordance with paragraph 16(2), Schedule 8 available to each House of Parliament, b) containing information about the relevant authority's response to— (i) any recommendations made by a committee of either House of Parliament about the published instrument, and (ii) any other representations made to the relevant authority about the published instrument, and, c) containing any other information that the relevant authority considers appropriate in relation to the scrutiny of the instrument or instrument which is to be laid.

Part 2

Statements required when using enabling powers under the European Union (Withdrawal) 2018 Act

1. Appropriateness statement

1.1 The Economic Secretary to the Treasury, John Glen MP, has made the following statement regarding use of legislative powers in the European Union (Withdrawal) Act 2018:

"In my view the Capital Requirements Regulations (Amendment) (EU Exit) Regulations 2019 do no more than is appropriate."

1.2 This is the case because: the Regulations follow the approach taken in previous instruments to fix deficiencies that arise as a result of the UK leaving the EU. This instrument makes amendments and corrections to ensure that the UK's prudential policy regime continue to operate in a fair, stable and transparent manner post EU withdrawal. Additionally, this instrument makes the appropriate amendments to EU legislation that will become redundant once the UK is no longer a member of the EU.

2. Good reasons

2.1 The Economic Secretary to the Treasury, John Glen MP, has made the following statement regarding use of legislative powers in the European Union (Withdrawal) Act 2018:

"In my view there are good reasons for the provisions in this instrument, and I have concluded they are a reasonable course of action."

2.2 These are: if the Government were not to proceed with this legislation, then aspects of the UK's regulatory regime for prudential and resolution policy would become legally inoperable. This could affect UK market confidence and create financial instability.

3. Equalities

3.1 The Economic Secretary to the Treasury, John Glen MP, has made the following statement(s):

"The instrument does not amend, repeal or revoke a provision or provisions in the Equality Act 2006 or the Equality Act 2010 or subordinate legislation made under those Acts."

3.2 The Economic Secretary to the Treasury, John Glen MP, has made the following statement regarding use of legislative powers in the European Union (Withdrawal) Act 2018:

"In relation to the instrument, I, John Glen MP, Economic Secretary to the Treasury, have had due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010."

4. Explanations

4.1 The explanations statement has been made in section 2 of the main body of this explanatory memorandum.

5. Legislative sub-delegation

5.1 The Economic Secretary to the Treasury, John Glen MP, has made the following statement regarding use of legislative powers in the European Union (Withdrawal) Act 2018:

"In my view it is appropriate to transfer responsibility for making new EU Binding Technical Standards provided for in CRRII to the UK's financial regulators – the Bank of England, the Prudential Regulation Authority and the Financial Conduct Authority. This sub-delegation is appropriate as it aligns with existing arrangements in the UK's regulatory framework for financial services, under which Parliament has delegated responsibility for making technical rules to the financial regulators. UK regulators have the necessary expertise and resource to make and maintain technical standards. UK regulators have also made a significant contribution to the development of existing EU technical standards, through their membership of the European Supervisory Authorities."

6. Urgency

6.1 The Economic Secretary to the Treasury, John Glen MP, has made the following statement regarding use of legislative powers in the European Union (Withdrawal) Act 2018:

"In my view, by reason of urgency, it is necessary to make the Capital Requirements Regulations (Amendment) (EU Exit) Regulations 2019, without a draft of the instrument containing the regulations being laid before, and approved by a resolution of, each House of Parliament."

6.2 This is the case because: this instrument is essential to ensure critical deficiency fixes are made to the UK's prudential and resolution regime for banks, building societies and investment firms in time for the UK's exit from the EU on 31 October. If these changes are not in law at exit on 31 October, the UK's prudential and resolution regime would be subject to considerable legal uncertainty, with elements of the regime which could become unenforceable. It is also necessary to make this instrument before exit to ensure that the UK is not treated as a third country under the UK's own resolution regime, and in particular to avoid a situation in which material subsidiaries of UK globally systemically important institutions would potentially be subject to higher resource requirements than they currently are, placing significant and unnecessary burdens on those UK firms that are affected. Making this instrument now will give industry and UK regulators the legal certainty they need to prepare for exit in an orderly way.

6.3 For the reasons set out above, the Government has concluded it is essential to make this instrument using the made-affirmative procedure. While this instrument has now been made, it will cease to have effect at the end of the period of 28 days beginning with the day on which this instrument is made, unless during that period, it is approved by a resolution of each House of Parliament (subject to extension for periods of dissolution, prorogation or adjournment for more than four days).