

## SCHEDULES

### SCHEDULE 4

Section 7

#### AMENDMENTS OF THE CAPITAL REQUIREMENTS REGULATION

- 1 The Capital Requirements Regulation is amended as follows.
- 2 In Article 4A(1)(a) (definitions: references to PRA rulebook), for “as the rulebook  
has effect on IP completion day” substitute “as amended from time to time”.
- 3 In Article 92(3) (own funds requirements), for points (b) and (c) substitute—
  - “(b) the own funds requirements for the trading-book business of an  
institution for the following—
    - (i) market risk as determined in accordance with Title IV of  
this Part, excluding the approaches set out in Chapters 1a  
and 1b of that Title;
    - (ii) large exposures exceeding the limits specified in Articles  
395 to 401, to the extent that an institution is permitted to  
exceed those limits, as determined in accordance with Part  
Four;
  - (c) the own funds requirements for market risk as determined in  
accordance with Title IV of this Part, excluding the approaches set  
out in Chapters 1a and 1b of that Title, for all business activities that  
are subject to foreign exchange risk or commodity risk;
  - (ca) the own funds requirements for settlement risk calculated in  
accordance with Title V of this Part, with the exception of Article  
379;”.
- 4 In Article 107(3) (approaches to credit risk), for “third-country investment firms  
and exposures to third country credit institutions and exposures to third country  
clearing houses and exchanges” substitute “a third-country investment firm, a third-  
country credit institution and a third-country exchange”.
- 5 In Article 144(1)(g) (competent authorities’ assessment of an application to use an  
IRB Approach), for “Article 99” substitute “Article 430”.
- 6 In Article 201(1) (eligibility of protection providers under all approaches), for point  
(h) substitute—
  - “(h) qualifying central counterparties.”
- 7 (1) Article 223 (Financial Collateral Comprehensive Method) is amended as follows.
  - (2) In paragraph 3, in the second subparagraph, for “institutions” substitute “, institutions  
using the method laid down in Section 6 of Chapter 6”.
  - (3) After paragraph 5 insert—
    - “5A. For the purposes of the calculation under paragraph 5, in the case of OTC  
derivative transactions, institutions using the methods laid down in Sections  
3, 4 and 5 of Chapter 6 shall take into account the risk-mitigating effects of

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*Status: This is the original version (as it was originally enacted).*

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collateral in accordance with the provisions laid down in Sections 3, 4 and 5 of Chapter 6, as applicable.”

8 In Article 283 (permission to use the Internal Model Method), for paragraph 4 substitute—

“4. For all OTC derivative transactions, and for long settlement transactions for which an institution has not received permission under paragraph 1 to use the IMM, the institution shall use the methods set out in Section 3. Those methods may be used in combination on a permanent basis within a group.”

9 For Article 298 substitute—

*“Article 298*

***Effects of recognition of netting as risk-reducing***

Netting for the purposes of Sections 3 to 6 shall be recognised as set out in those Sections.”

10 In Article 299(2) (items in the trading book), omit point (a).

11 In Article 384(1) (standardised method), in the definition of “EAD<sup>i</sup>total”,—

(a) for “Title II, Chapter 6” (in the first place those words occur) substitute “Chapter 6 of Title II”, and

(b) omit the words from “An institution using” to the end of the definition.

12 (1) Article 500d (temporary calculation of exposure value of regular-way purchases and sales awaiting settlement in view of COVID-19 pandemic) is amended as follows.

(2) In the heading, omit “Temporary”.

(3) In paragraph 1, omit “until 27 June 2021,”.

13 (1) Annex 2 (types of derivatives) is amended as follows.

(2) In point 1, for point (e) substitute—

“(e) interest-rate options;”.

(3) In point 2, for point (d) substitute—

“(d) currency options;”.

(4) For point 3 substitute—

“3. Contracts of a nature similar to those in points 1(a) to (e) and 2(a) to (d) of this Annex concerning other reference items or indices. This includes as a minimum all instruments specified in paragraphs 4 to 7, 9, 10 and 11 of Part 1 of Schedule 2 to the Regulated Activities Order not otherwise included in point 1 or 2 of this Annex.”