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STATUTORY INSTRUMENTS

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**2023 No. 1409**

**The Financial Services and Markets Act 2023 (Benchmarks and Capital Requirements) (Amendment) Regulations 2023**

**Amendment of Regulation (EU) No 575/2013**

2. In Article 384(1) (standardised method) of 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(1), in the definition of “EAD<sub>i</sub><sup>total</sup>”, after “counterparty credit risk for that counterparty.” insert as a new paragraph—

“An institution using one of the methods set out in Sections 3 to 5 of Chapter 3 of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook may use, as the fully adjusted exposure value, the value calculated in accordance with Article 223(5) (financial collateral comprehensive method). For an institution not using the method set out in Section 6 of Chapter 6 of Title II, the exposure shall be discounted applying the following factor:

$$\frac{1 - e^{-0.05 \cdot M_i}}{0.05 \cdot M_i}$$

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(1) EUR 2013/575. The definition of “EAD<sub>i</sub><sup>total</sup>” in Article 384(1) was amended by paragraph 11 of Schedule 4 to the Financial Services Act 2021 (c. 22).