

**PRA RULEBOOK: CRR FIRMS: GROUPS (CAPITAL REQUIREMENTS DIRECTIVE V) (No 2)
INSTRUMENT 2020**

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
 - (1) section 137G (The PRA’s general rules);
 - (2) section 137T (General supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

Pre-conditions to making

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

PRA Rulebook: CRR Firms: Groups (Capital Requirements Directive V) (No 2) Instrument 2020

- D. The PRA makes the rules in the Annex to this instrument, amending the Groups Part of the Rulebook.

Commencement

- E. This instrument comes into force on IP Completion Day, as defined in the European Union (Withdrawal Agreement) Act 2020.

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Groups (Capital Requirements Directive V) (No 2) Instrument 2020.

By order of the Prudential Regulation Committee

28 December 2020

Annex

Amendments to the Groups Part

In this Annex, there is no new text and deleted text is struck through.

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1 APPLICATION AND DEFINITIONS

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1.2

...

intermediate EU parent undertaking

means

~~a parent undertaking with its head office in one of the EEA states.~~

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4 INTERMEDIATE PARENT UNDERTAKINGS

4.1 ~~(1) Subject to (2), this chapter applies to every firm that is an institution where both of the following tests are met:~~

~~(a) the firm belongs to a third country banking and investment group that includes the firm and at least one other institution in the EU; and~~

~~(b) the total value of the assets in the EU of the third country banking and investment group to which the firm belongs is equal to or greater than 40 billion euros, calculated in accordance with 4.3.~~

~~(2) This chapter shall not apply to a firm if it is a member of a third country banking and investment group operating through more than one institution in the EU that had total assets in the EU equal to or greater than 40 billion euros on 27 June 2019.~~

4.2 A firm referred to in 4.1 must have a single intermediate EU parent undertaking that is either:

~~(1) a credit institution authorised in accordance with Article 8 CRD; or~~

~~(2) a financial holding company or mixed financial holding company approved in accordance with Article 21a CRD; or~~

~~(3) where none of the institutions subject to 4.1 is a credit institution, an investment firm that is authorised in accordance with Article 5.1 MiFID and is subject to BRRD.~~

4.3 The calculation in 4.1 (1) (b) shall be as follows:

~~(1) The total value of the assets in the EU of the third country banking and investment group is the sum of:~~

~~(a) the total value of the assets of each institution in the EU belonging to the third country banking and investment group; and~~

- ~~_____ (b) the total value of the assets of each branch of the *third country banking and*~~
~~_____ *investment group* authorised in the *EU* in accordance with *CRD, MiFIDII* or *MiFIR*.~~
- ~~_____ (2) The total value of the assets of an *institution* shall be assessed:~~
 - ~~_____ (a) if the *institution* is at the head of a *consolidation group*, on the basis of its own~~
~~_____ consolidated situation; and otherwise~~
 - ~~_____ (b) on an individual basis.~~
- ~~_____ (3) In making this calculation no asset or value of an asset shall be double counted.~~