STATUTORY INSTRUMENTS

2026 No. 491

FINANCIAL SERVICES AND MARKETS

The Capital Requirements Regulation (Market Risk Transitional Provision) Regulations 2026

Made - - - -	*29th April 2026*
Coming into force - -	*30th December 2026*

The Treasury make the following Regulations in exercise of the powers conferred by sections 3(1) and (4) and 84(2) of the Financial Services and Markets Act 2023 ("the Act")(**a**).

The Treasury have consulted the Prudential Regulation Authority and the Financial Conduct Authority in accordance with section 3(6) of the Act.

A draft of these Regulations has been laid before, and approved by a resolution of, each House of Parliament in accordance with sections 3(10) and 84(3) of the Act.

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Capital Requirements Regulation (Market Risk Transitional Provision) Regulations 2026.

(2) These Regulations come into force on 30th December 2026.

(3) These Regulations extend to England and Wales, Scotland and Northern Ireland.

Amendment of Regulation (EU) No 575/2013 – Transitional provision for capital requirements relating to market risk

2. After Article 465 (own funds requirements) 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(**b**), insert—

"Article 465A Transitional provision for capital requirements relating to market risk

1. For the purpose of calculating their capital requirements for market risk, during the transitional period credit institutions and Part 4A investment firms must not apply the following provisions of the Market Risk: Internal Model Approach (CRR) Part of the PRA Rulebook(**c**)—

(**a**) 2023 c. 29.

(**b**) EUR 2013/575. Article 465 is revoked on 1st January 2027 by virtue of regulation 3 of the Financial Services and Markets Act 2023 (Commencement No. 12 and Saving Provisions) Regulations 2026 (S.I. 2026/45).

(**c**) As inserted by the PRA Rulebook: CRR Firms: (CRR) Instrument 2026 (PRA 2026/1), which was made on 13th January 2026 and will come into force on 1st January 2027. This instrument and the PRA Rulebook can be found at

(a) rule 4.1 (transitionals);

(b) Article 325az (permission to use internal models) except for paragraph A1;

(c) Articles 325azx (material changes and extensions to permission) to 325bp (particular requirements for an internal default risk model); and

(d) Annexes 1 (standards for grant of an IMA permission) and 2 (material changes and extensions to internal models).

2. The Treasury may by regulations amend the definition of "transitional period" in paragraph 6(h) for the purpose of extending that period.

3. The power to make regulations under paragraph 2 is exercisable by statutory instrument.

4. A statutory instrument which contains regulations made under paragraph 2 is subject to annulment in pursuance of a resolution of either House of Parliament.

5. Regulations under paragraph 2 may—

(a) contain incidental, supplemental, consequential, transitional and saving provision; and

(b) may make different provision for different purposes.

6. In this Article—

(a) "credit institution" has the meaning given in section 417(1) of FSMA 2000(**a**);

(b) "FSMA 2000" means the Financial Services and Markets Act 2000;

(c) "Part 4A investment firm" means a person who—

(i) falls within the definition of "investment firm" in section 424A of FSMA 2000(**b**),

(ii) has a Part 4A permission to carry on a regulated activity which falls within the definition of "investment services and activities" in section 417(1) of FSMA 2000(**c**), and

(iii) is not a credit institution;

(d) "Part 4A permission" has the meaning given in section 55A(5) of FSMA 2000;

(e) "regulated activity" has the meaning given in section 22 of FSMA 2000(**d**);

(f) "the PRA" has the meaning given in section 417(1) of FSMA 2000(**e**);

(g) "the PRA Rulebook" means the rulebook published by the PRA containing rules made by that Authority under FSMA 2000 as those rules are amended from time to time;

(h) "transitional period" means the period beginning with 1st January 2027 and ending with 31st December 2027."

Gen Kitchen
Christian Wakeford

29th April 2026 — Two of the Lords Commissioners of His Majesty's Treasury

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https://www.prarulebook.co.uk/ and copies can be obtained from the Prudential Regulation Authority, 20 Moorgate, London, EC2R 6DA.

(**a**) 2000 c. 8. The definition of "credit institution" was inserted by S.I. 2019/632.

(**b**) Section 424A was inserted by S.I. 2006/2975 and amended by paragraph 16 of Schedule 2 to the Financial Services Act 2021 (c. 22), S.I. 2007/126 and 2019/632.

(**c**) The definition of "investment services and activities" was amended by S.I. 2020/1385.

(**d**) Section 22 was amended by section 7 of the Financial Services Act 2012 (c. 21), section 27 of the Financial Guidance and Claims Act 2018 (c. 10), section 69 of the Financial Services and Markets Act 2023 (c. 29) and S.I. 2018/135.

(**e**) The definition of "the PRA" was inserted by section 48 of the Financial Services Act 2012.

EXPLANATORY NOTE

(This note is not part of the Regulations)

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 ("the Capital Requirements Regulation") provides, among other things, for capital requirements relating to market risk. Some of these capital requirements were revoked 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). Remaining provisions are revoked by section 1 of, and Schedule 1 to, the Financial Services and Markets Act 2023 (c. 29). This later revocation comes into force on 1st January 2027 by virtue of the Financial Services and Markets Act 2023 (Commencement No. 12 and Saving Provisions) Regulations 2026 (S.I. 2026/45 (C. 5)).

The revoked capital requirements will be replaced by rules made by the Prudential Regulation Authority ("PRA") on 13th January 2026 through the PRA Rulebook: CRR Firms: (CRR) Instrument 2026 (PRA 2026/1), which will come into force on 1st January 2027. That Instrument and the rules are available on https://www.prarulebook.co.uk and copies can be obtained from the PRA, 20 Moorgate, London, EC2R 6DA.

Regulation 2 inserts new Article 465A into the Capital Requirements Regulation, which requires credit institutions and Part 4A investment firms not to apply specified PRA rules for the period between 1st January 2027 and 31st December 2027 ("the transitional period"). Article 465A comes into force on 30th December 2026, that is, immediately before the relevant provisions of the Capital Requirements Regulation are revoked.

During the transitional period, credit institutions and Part 4A investment firms will be able to continue using their existing market risk models or use new standardised approaches in accordance with the PRA rules. Article 465A(2) gives the Treasury the power to extend the transitional period by regulations.

No impact assessment has been published in respect of these Regulations because no impact, or no significant impact, on the private, voluntary or public sector is foreseen.

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