STATUTORY INSTRUMENTS

2024 No. 1200

FINANCIAL SERVICES AND MARKETS

The Prudential Regulation of Credit Institutions (Meaning of CRR Rules and Recognised Exchange) (Amendment) Regulations 2024

Made - - - -	*21st November 2024*
Coming into force - -	*22nd November 2024*

The Treasury make these Regulations in exercise of the powers conferred by sections 3, 83(1) and (2) and 84(2)(a) of the Financial Services and Markets Act 2023(**a**).

The Treasury have consulted the Prudential Regulation Authority and the Financial Conduct Authority in accordance with section 3(6) of that 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), 83(3) and 84(3) of that Act.

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Prudential Regulation of Credit Institutions (Meaning of CRR Rules and Recognised Exchange) (Amendment) Regulations 2024.

(2) These Regulations come into force on the day after the day on which they are made.

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

Amendment to the Financial Services and Markets Act 2000

2. In section 144A of the Financial Services and Markets Act 2000 (CRR Rules)(**b**), in subsection (4)—

(a) omit "or" at the end of paragraph (a);

(b) after paragraph (b) insert

", or

(c) it has been or may be revoked by section 1 of the Financial Services and Markets Act 2023.".

(**a**) 2023 c. 29.
(**b**) 2000 c. 8. Section 144A was inserted by paragraph 1 of Schedule 3 to the Financial Services Act 2021 (c. 22).

Amendment to the Financial Services Act 2021

3. In section 5 of the Financial Services Act 2021 (prudential regulation of credit institutions etc by PRA rules)(**a**), in subsection (2) after "section 3" insert "or has been revoked by section 1 of the Financial Services and Markets Act 2023".

Amendment to Regulation (EU) No 575/2013

4. In Article 4 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 (definitions)(**b**), in paragraph 1(72), for the definition of "recognised exchange" substitute—

""recognised exchange" means an exchange which is—

(a) a UK regulated market, as defined in Article 2(1)(13A) of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (definitions)(**c**)

(b) a recognised overseas investment exchange, as defined in regulation 2(1) of the Investment Bank Special Administration Regulations 2011 (interpretation)(**d**), or

(c) an investment exchange (other than a recognised overseas investment exchange) that satisfies any conditions specified in the PRA Rulebook for the purpose of identifying recognised exchanges or assets traded on such exchanges;".

Jeff Smith
Vicky Foxcroft
21st November 2024 Two of the Lords Commissioners of His Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

Regulations 2 and 3 make amendments to primary legislation that are consequential on the revocation by section 1(1) of, and Schedule 1 to, the Financial Services and Markets Act 2023 (c. 29) ("FSMA 2023") 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 ("the Capital Requirements Regulation"). The amendments in regulations 2 and 3 are made under section 83 of FSMA 2023.

Regulation 2 amends the definition of "CRR Rules" in section 144A of the Financial Services and Markets Act 2000 (c. 8). Regulation 3 amends section 5 of the Financial Services Act 2021 (c. 22), which makes provision relating to CRR rules replacing provisions of the Capital Requirements Regulation.

Regulation 4 amends the definition of "recognised exchange" in Article 4 of the Capital Requirements Regulation. This amendment is made under sections 3 and 84(2)(a) of FSMA 2023. The definition of "recognised exchange" is relevant to the calculation of the credit risk exposures of banks and other firms. Certain securities traded on recognised exchanges can be used by banks and those firms as eligible collateral subject to preferential capital treatment. Regulation 4 includes in the definition of "recognised exchange" (i) UK regulated markets, (ii) recognised overseas investment exchanges, and (iii) investment exchanges that meet the conditions specified in rules to be made by the Prudential Regulation Authority. The rules will be published at

(**a**) 2021 c. 22.
(**b**) EUR 2013/575. Article 4.1(72) was amended by S.I. 2019/1232.
(**c**) EUR 600/2014, amended by S.I. 2018/1403.
(**d**) S.I. 2011/245.

https://www.bankofengland.co.uk/prudential-regulation and will be available from the Prudential Regulation Authority, 20 Moorgate, London EC2R 6DA.

A full impact assessment has not been produced for these Regulations as no, or no significant, impact on the private, voluntary or public sector is foreseen. A de minimis impact assessment of the effect of these Regulations is available from HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ and is published alongside these Regulations on www.legislation.gov.uk

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