

REGULATORY BRIEFING

Financial procedures for the calculation of capital adequacy, capital resources requirement and the preparation of financial returns

Index

Introduction

Capital resources

Capital resource requirement

Consolidated supervision

Reporting to FSA

Appendix I	Illiquid assets
Appendix II	Material holdings
Appendix III	Capital resources table (deducting material holdings)
Appendix IV	Capital resources table (deducting illiquid assets)
Appendix V	Additional Guidance on the calculation of capital
Appendix VI	Capital resources requirement
Appendix VII	Risk weighted exposures under credit risk
Appendix VIII	Zero risk-weighting for intra-group exposures
Appendix IX	Market Risk
Appendix X	Guidelines on calculating fixed overhead requirement
Appendix XI	FSA reporting schedule and guidance
Appendix XII	FSA 003
Appendix XIII	Guide to completing FSA 003

Introduction

In order to calculate whether a firm is holding adequate financial resources as set out in BIPRU and GENPRU, a firm must calculate its capital resources, these representing funds which are relatively liquid and available.

A firm must also calculate its capital resources requirement which represents risk weighted exposures the firm has to the markets, other firms and general overheads. Once calculated the relevant parts of the capital resources calculations should exceed the relevant sections of the capital resources requirement in order for the firm to meet its prudential requirements.

Capital Resources

Capital resources can be calculated using two methods.

You can choose to deduct illiquid Assets (as set out in GENPRU 2 Annex 5R) or material holdings (as set out in GENPRU 2 Annex 4R) from your capital resources. Assuming you do not have a consolidation waiver, you may choose to deduct one or the other.

In order to deduct illiquid assets instead of material holdings you must give FSA one months notice. The default position will be the deduction of material holdings.

Thus, depending on the constitution of your balance sheet, you are able to manipulate the calculation of capital resources to your best advantage.

The definitions of illiquid assets and material holdings are included at Appendix I and II respectively.

The table for calculating capital resources, assuming you deduct material holdings, is included in appendix III.

The table for calculating capital resources, were you to choose to deduct illiquid assets, is included in appendix IV.

Additional useful information can be found at appendix V in regard to calculation of capital.

Capital Resource Requirement

For a BIPRU 50K Limited Licence firm the capital resources requirement is calculated as:

- The base capital resourced requirement (€50k), or
- The variable capital requirement calculated by taking the higher of either the sum of the Credit risk capital requirement and Market risk capital requirement or the
- Fixed overhead requirement

Further detail on the calculation of these items is included in appendices VI to X. The calculation of the fixed overhead requirement is not dissimilar to the calculation of the pre-CRD expenditure requirement.

There is an important difference however, in that it is now possible to deduct “any other variable expenditure” from relevant fixed expenditure, and so reduce the quantum of the fixed overhead requirement.

Consolidated Supervision

If the firm is part of a group, the issue of consolidated reporting should be considered to see if the firm should be reporting on a consolidated basis and, if so, whether a waiver application is

appropriate or possible. Please refer to the separate document ‘Are you subject to Consolidated Supervision?’ for more information.

The rules on the treatment of intra-group exposure are set out in BIPRU 3.2.35R and, essentially, allow investment firms subject to consolidated supervision to apply a zero percent risk weighting to intra-group exposures. If you wish to utilise this concession, you must give FSA one months notice of your intention to do so. Further information is included on this issue in appendix VII.

Reporting to FSA

Reporting requirements for the firm are set out at Appendix XI. A copy of the FSA 003 form has been included at Appendix XII, with specific instructions on completing it included at Appendix XIII.

Appendix I

Illiquid Assets

Illiquid assets includes:

- (1) tangible fixed assets (except land and buildings if they are used by a firm as security for loans, but this exclusion is only up to the value of the principal outstanding on the loans); or
- (2) any holdings in the capital resources of credit institutions or financial institutions, except to the extent that:
 - (a) they have already been deducted as a material holding; or
 - (b) they are shares which are included in a firm's trading book and included in the calculation of the firm's market risk capital requirement; or
- (3) holdings of other securities which are not readily realisable securities; or
- (4) deficiencies of net assets in subsidiary undertakings; or
- (5) deposits which are not repayable within 90 days (except for payments in connection with margined futures or options contracts); or
- (6) loans and other amounts owed to a firm except where they are due to be repaid within 90 days; or
- (7) physical stocks except for positions in physical commodities which are included in the calculation of a firm's commodity PRR.

If a loan or other amount owing to a firm was originally due to be paid more than 90 days from the date of the making of the loan or the incurring of the payment obligation, as the case may be, it may be treated as liquid for the purposes of GENPRU 2.2.260R(6) where through the passage of time the remaining time to the contractual repayment date falls below 90 days.

If a loan or other amount is due to be paid within 90 days (whether measured by reference to original or remaining maturity), a firm should consider whether it can reasonably expect the amount owing to be paid within that period. If the firm cannot reasonably expect it to be paid within that period the firm should treat it as illiquid.

Appendix II

Material Holdings

A material holding is defined in GENPRU 2.2.208R and includes:

(1) a BIPRU firm's holdings of shares and any other interest in the capital of an individual credit institution or financial institution (held in the non-trading book or the trading book or both) exceeding 10% of the share capital of the issuer, and, where this is the case, any holdings of subordinated debt of the same issuer are also included as a material holding; the full amount of the holding is a material holding; or

(2) a BIPRU firm's holdings of shares, any other interest in the capital and subordinated debt in an individual credit institution or financial institution (held in the non-trading book or the trading book or both) not deducted under (1) if the total amount of such holdings exceeds 10% of that firm's capital resources at stage N (Total tier one capital plus tier two capital after deductions) of the calculation in the capital resources table (calculated before deduction of its material holdings); only the excess amount is a material holding; or

(3) a bank or building society's aggregate holdings in the non-trading book of shares, any other interest in the capital, and subordinated debt in all credit institutions or financial institutions not deducted under (1) or (2) if the total amount of such holdings exceeds 10% of that firm's capital resources at stage N of the calculation in the capital resources table (calculated before deduction of its material holdings); only the excess amount is a material holding; or

(4) a material insurance holding.

Further guidance on Material Holdings

For the purpose of the definition of a material holding, share capital includes preference shares. Share premium should be taken into account when determining the amount of share capital.

When calculating the size of its material holdings a firm must only include an actual holding (that is, a long cash position). A firm must not net such holdings with a short position.

For the purpose of the definition of a material holding, holdings must be valued using the valuation method which the holder uses for its external financial reporting purposes.

Appendix III

GENPRU 2 Annex 4 Capital resources table for a BIPRU investment firm deducting material holdings

The capital resources calculation for an investment firm deducting material holdings		
Type of capital	Related text	Stage
Core tier one capital		(A)
<i>Permanent share capital</i>	GENPRU 2.2.83 R	
Profit and loss account and other reserves (taking into account material interim net losses)	GENPRU 2.2.85 R to 2.2.90	
<i>Eligible partnership capital</i>	GENPRU 2.2.93 R; GENPRU 2.2.95 R	
<i>Eligible LLP members' capital</i>	GENPRU 2.2.94 R; GENPRU 2.2.95 R	
<i>Sole trader capital</i>	None	
<i>Share premium account</i>	GENPRU 2.2.101 R	
Externally verified interim net profits	GENPRU 2.2.102 R	
Perpetual non-cumulative preference shares		(B)
Perpetual non-cumulative <i>preference shares</i>	GENPRU 2.2.109 R	
Innovative tier one capital		(C)
<i>Innovative tier one instruments</i>	GENPRU 2.2.113 R to GENPRU 2.2.137 R	
Total tier one capital before deductions = A+B+C		(D)
Deductions from tier one capital		(E)
Investments in own <i>shares</i>	None	
Intangible assets	GENPRU 2.2.155 R	
Excess of drawings over profits for partnerships, <i>limited liability partnerships</i> and <i>sole traders</i>	GENPRU 2.2.100 R; there is no related text for <i>sole traders</i>	
Net losses on equities held in the available-for-sale financial asset category	GENPRU 2.2.185 R	
(For certain limited purposes only certain additional deductions are made here)	GENPRU 2.2.239R (2) to GENPRU 2.2.239R (4)	
Total tier one capital after deductions = D-E		(F)

The capital resources calculation for an investment firm deducting material holdings		
Type of capital	Related text	Stage
Upper tier two capital		(G)
Perpetual cumulative <i>preference shares</i>	GENPRU 2.2.159 R to GENPRU 2.2.181 R	
Perpetual subordinated debt	See previous entry	
Perpetual subordinated securities	See previous entry	
Revaluation reserves	GENPRU 2.2.185 R	
General/collective provisions	GENPRU 2.2.187 R to GENPRU 2.2.189 R	
Surplus provisions	GENPRU 2.2.190 R to GENPRU 2.2.193 R	
Lower tier two capital		(H)
Fixed term <i>preference shares</i>	GENPRU 2.2.159 R to GENPRU 2.2.174 R ; GENPRU 2.2.194 R to GENPRU 2.2.196 R	
Long term subordinated debt	See previous entry	
Fixed term subordinated securities	See previous entry	
Total tier two capital = G+H		(I)
Deductions from tier two capital		(J)
(For certain limited purposes only certain additional deductions are made here)	GENPRU 2.2.239R (2) to GENPRU 2.2.239R (4)	
Total tier two capital after deductions = I - J		(K)
Total tier one capital plus tier two capital = F+K		(L)
Deductions from the totals of tier one and two		(M)
<i>Material holdings</i>	GENPRU 2.2.208 R to GENPRU 2.2.215 R	
<i>Expected loss</i> amounts and other negative amounts	GENPRU 2.2.236 R	(Part 1 of stage M)
<i>Securitisation positions</i>	GENPRU 2.2.237 R	
<i>Reciprocal cross-holdings</i>	GENPRU 2.2.217 R to GENPRU 2.2.220 R	(Part 2 of stage M)
Total tier one capital plus tier two capital after deductions = L-M		(N)
In calculating whether a firm's capital resources exceed its capital resources requirement: (1) the <i>credit risk capital component</i> , the <i>operational risk capital requirement (if applicable)</i> and the <i>counterparty risk capital component</i> ; or		

The capital resources calculation for an investment firm deducting material holdings		
Type of capital	Related text	Stage
(2) the <i>base capital resources requirement</i> ; as the case may be, must be deducted here.		
Upper tier three		(O)
Short term subordinated debt	GENPRU 2.2.241 R to GENPRU 2.2.245 R	
Lower tier three		(P)
Net interim <i>trading book</i> profit and loss	GENPRU 2.2.246 R to GENPRU 2.2.249 R	
Total tier three capital=O+P		(Q)
Total capital before deductions = N+Q		(R)
Deductions from total capital		(S)
<i>Free deliveries</i>	BIPRU 14.4	
Total capital after deductions (R - S)		(T)
In calculating whether a firm's capital resources exceed its capital resources requirement, the market risk capital requirement, the concentration risk capital component and (if applicable) the fixed overheads requirement must be deducted here.		

Note (1): Where the table refers to related text, it is necessary to refer to that text in order to understand fully what is included in the descriptions of capital items and deductions set out in the table.

Note (2): If the amount calculated at:

- (a) stage N less the deductions in respect of the *capital resources requirement* made immediately following stage N; or
- (b) stage T less the deductions in respect of the *capital resources requirement* made immediately following stages N and T;

is a negative number the *firm's capital resources* are less than its *capital resources requirement*.

Note (3): Stage C must be omitted except where *capital resources* are being used for a purpose for which *innovative tier one capital* may be used (see GENPRU 2.2.27 R).

Appendix IV

GENPRU 2 Annex 5 Capital resources table for a BIPRU investment firm deducting illiquid assets

The capital resources calculation for an investment firm that deducts illiquid assets		
Type of capital	Related text	Stage
Core tier one capital		(A)
<i>Permanent share capital</i>	GENPRU 2.2.83 R	
Profit and loss account and other reserves (taking into account material interim net losses)	GENPRU 2.2.85 R to GENPRU 2.2.90 R	
<i>Eligible partnership capital</i>	GENPRU 2.2.93 R; GENPRU 2.2.95 R	
<i>Eligible LLP members' capital</i>	GENPRU 2.2.94 R; GENPRU 2.2.95 R	
<i>Sole trader capital</i>	None	
<i>Share premium account</i>	GENPRU 2.2.101 R	
Externally verified interim net profits	GENPRU 2.2.102 R	
Perpetual non-cumulative preference shares		(B)
Perpetual non-cumulative <i>preference shares</i>	GENPRU 2.2.109 R	
Innovative tier one capital		(C)
<i>Innovative tier one instruments</i>	GENPRU 2.2.113 R to GENPRU 2.2.137 R	
Total tier one capital before deductions = A+B+C		(D)
Deductions from tier one capital		(E)
Investments in own <i>shares</i>	None	
Intangible assets	GENPRU 2.2.155 R	
Excess of drawings over profits for partnerships, <i>limited liability partnerships</i> and <i>sole traders</i>	GENPRU 2.2.100 R; there is no related text for <i>sole traders</i>	
Net losses on equities held in the available-for-sale financial asset category	GENPRU 2.2.185 R	
(For certain limited purposes only certain additional deductions are made here)	GENPRU 2.2.239R (2) to GENPRU 2.2.239R (4)	
Total tier one capital after deductions = D-E		(F)
Upper tier two capital		(G)
Perpetual cumulative <i>preference shares</i>	GENPRU 2.2.159 R to GENPRU 2.2.181 R	
Perpetual subordinated debt	See previous entry	

The capital resources calculation for an investment firm that deducts illiquid assets		
Type of capital	Related text	Stage
Perpetual subordinated securities	See previous entry	
Revaluation reserves	GENPRU 2.2.185 R	
General/collective provisions	GENPRU 2.2.187 R to GENPRU 2.2.189 R	
Surplus provisions	GENPRU 2.2.190 R to GENPRU 2.2.193 R	
Lower tier two capital		(H)
Fixed term <i>preference shares</i>	GENPRU 2.2.159 R to GENPRU 2.2.174 R ; GENPRU 2.2.194 R to GENPRU 2.2.196 R	
Long term subordinated debt	See previous entry	
Fixed term subordinated securities	See previous entry	
Total tier two capital = G+H		(I)
Deductions from tier two capital		(J)
(For certain limited purposes only certain additional deductions are made here)	GENPRU 2.2.239R (2) to GENPRU 2.2.239R (4)	
Total tier two capital after deductions = I - J		(K)
Total tier one capital plus tier two capital = F+K		(L)
Deductions from the totals of tier one and two		(M)
<i>Expected loss</i> amounts and other negative amounts	GENPRU 2.2.236 R	(Part 1 of stage M)
<i>Securitisation positions</i>	GENPRU 2.2.237 R	
<i>Reciprocal cross-holdings</i>	GENPRU 2.2.217 R to GENPRU 2.2.220 R	(Part 2 of stage M)
Total tier one capital plus tier two capital after deductions = L-M		(N)
In calculating whether a firm's capital resources exceed its capital resources requirement: (1) the <i>credit risk capital component</i> , the <i>operational risk capital requirement (if applicable)</i> and the <i>counterparty risk capital component</i> ; or (2) the <i>base capital resources requirement</i> ; as the case may be, must be deducted here.		
Upper tier three		(O)
Short term subordinated debt	GENPRU 2.2.241 R to GENPRU 2.2.245 R	
Lower tier three		(P)

The capital resources calculation for an investment firm that deducts illiquid assets		
Type of capital	Related text	Stage
Net interim <i>trading book</i> profit and loss	GENPRU 2.2.246 R to GENPRU 2.2.249 R	
Total tier three capital=O+P		(Q)
Total capital before deductions = N+Q		(R)
Deductions from total capital		(S)
<i>Illiquid assets</i>	GENPRU 2.2.259 R to GENPRU 2.2.260 R	
<i>Free deliveries</i>	BIPRU 14.4	
Total capital after deductions = R-S		(T)
In calculating whether a firm's capital resources exceed its capital resources requirement, the market risk capital requirement, the concentration risk capital component and (if applicable) the fixed overheads requirement must be deducted here.		

Note (1): Where the table refers to related text, it is necessary to refer to that text in order to understand fully what is included in the descriptions of capital items and deductions set out in the table.

Note (2): If the amount calculated at:

- (a) stage N less the deductions in respect of the *capital resources requirement* made immediately following stage N; or
- (b) stage T less the deductions in respect of the *capital resources requirement* made immediately following stages N and T;

is a negative number the *firm's capital resources* are less than its *capital resources requirement*.

Note (3): Stage C must be omitted except where *capital resources* are being used for a purpose for which *innovative tier one capital* may be used (see [GENPRU 2.2.27 R](#)).

Appendix V

Additional guidance on the calculation of capital

Certain elements of the capital tables are governed by special rules. Below are included information on the main limits to uses of the different tiers of capital.

Section 1

Limits on the use of innovative tier one capital: BIPRU firm

For the purpose of meeting the main BIPRU firm Pillar 1 rules, as a BIPRU firm you may not include 'innovative tier one capital' (defined below) in its tier one capital resources.

Innovative Tier one capital has the meaning in relation to an innovative tier one instrument or a PIBS which is redeemable and which satisfies the following conditions:

- (1) it is or may become subject to a step-up; and
 - (2) a reasonable person would think that:
 - (a) the firm is likely to redeem it before the tenth anniversary of its date of issue; or
 - (b) the firm is likely to have an economic incentive to redeem it before the tenth anniversary of its date of issue;
- the redemption date in GENPRU 2.2.70R (2)(a) is amended by replacing "fifth anniversary" with "tenth anniversary".

A BIPRU firm may include innovative tier one capital in its tier one capital resources for the purpose of GENPRU 1.2 (Adequacy of financial resources) and BIPRU 10 (Concentration risk). A firm may also include it in its upper tier two capital resources under GENPRU 2.2.25 R (Limits on the use of different forms of capital: Use of higher tier capital in lower tiers) for all purposes as long as it meets the conditions for treatment as upper tier two capital (see Section 3 below).

Section 2

Limits on the use of different kinds of capital: Purposes for which tier three capital may not be used (BIPRU firm only)

Tier one capital and tier two capital are the only type of capital resources that a BIPRU firm may use for the purpose of meeting:

- (1) the credit risk capital component;
- (2) the operational risk capital requirement;
- (3) the counterparty risk capital component; and
- (4) the base capital resources requirement.

The above (and the capital resources gearing rules that relate to it) also applies for the purposes of any other requirement in the FSA Handbook for which it is necessary to calculate the capital resources of a BIPRU firm, except for the purposes described below regarding tier 3 capital (see Section 4 below) and except as may otherwise be stated in the relevant part of the Handbook.

Section 3

Limits on the use of different kinds of capital: Tier two limits (BIPRU firm only)

- (1) the amount of the items which may be included in a BIPRU firm's tier two capital resources must not exceed the amount calculated at stage F of the calculation in the capital resources table (Total tier one capital after deductions); and

(2) the amount of the items which may be included in a BIPRU firm's lower tier two capital resources must not exceed 50% of the amount calculated at stage F of the calculation in the capital resources table.

Section 4

Limits on the use of different kinds of capital: Purposes for which tier three capital may be used (BIPRU firm only)

For the purposes of meeting:

- (1) the market risk capital requirement;
- (2) the concentration risk capital component; and
- (3) the fixed overheads requirement;

a BIPRU firm may only use the following parts of its capital resources:

- (a) tier one capital to the extent that it is not required to meet the requirements in Section 2 above (Section 5 explains how to calculate how much tier one capital is required to meet the requirements in Section 2);
- (b) tier two capital to the extent that it:
 - (i) comes within the limits in Section 3 (100% limit for tier two capital resources and 50% limit for lower tier two capital resources); and
 - (ii) it is not required to meet the requirements in section 2 above; (Section 5 explains how to calculate how much tier one capital is required to meet the requirements in Section 2);
- (c) tier two capital that cannot be used for the purposes in Section 2 because it falls outside the limits in Section 3; and
- (d) tier three capital.

Section 5

Surplus Capital

The amount of tier one capital and tier two capital that is not used to meet the requirements in Section 2 as referred to in Section 4 (a) and (b) is equal to the amount calculated at stage N of the calculation in the capital resources table (Total tier one capital plus tier two capital after deductions) less the parts of the capital resources requirement deducted immediately after stage N of the capital resources table (the parts of the capital resources requirements listed in Section 2).

Section 6

Limits on the use of different kinds of capital: Combined tier two and tier three limits (BIPRU firm only)

For the purpose of meeting the requirements in Section 4 1-3, a BIPRU firm must not include any item in either:

- (1) its tier two capital resources falling within Section 4 (c) (excess tier two capital); or
- (2) its upper tier three capital resources;

to the extent that the sum of (1) and (2) would exceed 200% (250% if the firm is not deducting material holdings) of the amount resulting from the following calculation:

- (3) calculate the amount at stage F of the calculation in the capital resources table (Total tier one capital after deductions); and
- (4) deduct from (3) those parts of the firm's tier one capital used to meet the requirements in Section 2 (1) and (2) as established by Section 5.

Appendix VI

Guidelines on Calculating Variable Capital Requirement

Credit Risk (CR) = ‘Credit Risk’ + ‘Counterparty Risk’ + ‘Concentration Risk’

Credit Risk 8% of the risk weighted exposure amounts in the non-trading book, assuming the exposure has not already been deducted from the firm’s capital resources. In order to calculate the credit risk component, it will be necessary to allocated exposures to one of a number of exposure classes, such as an institution (being a regulated firm, either in the UK or in the EEA) or a corporate, and apply the appropriate risk weighting as outlined in the table BIPRU 3.5.5, assuming the Simplified Approach is being used. It is necessary to notify FSA if the Simplified Approach is being used.

Counterparty Risk 8% of the total risk weighted exposure amounts for Free deliveries, Financial derivative instruments, Credit derivatives, Repurchase agreements, Reverse repurchase agreements, Securities or commodities lending or borrowing transactions based on securities or commodities included in the trading book, Margin lending transactions based on securities or commodities and Long settlement transactions
+
the price difference on unsettled instruments in the trading book after due delivery date (the difference between the agreed settlement price for the debt instrument, equity, foreign currency or commodity in question and its current market value, where the difference could involve a loss for the firm multiplied by the table found at BIPRU 14.3.5).

Concentration Risk Any exposure to the same counterparty or group of connected clients which exceeds 25% of the firm’s capital resources as calculated according to BIPRU 10.5.

For more information on Risk Weightings see Appendix VII

If the firm chooses to deduct illiquid assets instead of material holdings then anything deducted as an illiquid asset would be excluded from the credit risk calculations (see above Appendix I and IV for more details).

Market Risk (MR) = Interest Rate PRR + Equity PRR + Commodity PRR + Foreign Currency PRR + Option PRR + Collective Investment Undertaking PRR (see Appendix IX for more detail)

Fixed Overhead Requirement (FOR) = 25% of the firms relevant fixed expenditure or total expenditure in the firm’s most recent audited annual report and accounts, excluding certain expenses as detailed in appendix X.

Appendix VII

Risk Weighted Exposures under Credit Risk (BIPRU 3.5)

When calculating Credit risk the amounts in the non-trading book are converted into the Credit Risk component by taking 8% x the Counterparty Risk Weight. In general firms will only need to apply two weights (under the standardised simplified approach to Credit Risk). These are 20% for exposures to other FSA authorised or equivalent firms and 100% for exposures to any corporate entity. So for example debts to the firm from a corporate will essentially take an 8% hit while the firm's money held in a UK bank account would take a 1.6% hit.

Appendix VIII

Zero risk-weighting for intra-group exposures (BIPRU 3.2.25 R)

In order to make use of a zero percent risk weighting on intra-group exposures, you must, as previously indicated, give one months notice of the firms intention to utilise it (BIPRU 3.2.35R) and this approach is not available to exposures giving rise to liabilities in the form of tier one and two capital, or any item that would be tier one capital or tier two capital if the undertaking were a BIPRU firm (BIPRU 3.2.26R – See below for full text and capital resources table).

The firm is then not required to comply with the standard approach to calculating risk weightings (BIPRU 3.2.20R) in the case of the exposures of the firm to a counterparty which is its parent undertaking, its subsidiary undertaking, or a subsidiary undertaking of its parent undertaking, or to which the firm is linked by a consolidation relationship provided that the following conditions are met:

(a) the counterparty is:

(i) an institution whose head office is in an EEA State; or

(ii) an institution not within (a)(i), financial holding company, financial institution, asset management company or ancillary services undertaking subject to appropriate prudential requirements;

(b) the firms are subject to group consolidation on capital resources reporting to FSA (BIPRU 3.2.27 R - see below for full text);

(c) the counterparty is subject to the same risk evaluation, measurement and control procedures as the firm;

(d) the counterparty is established in the United Kingdom and either it is incorporated in the United Kingdom or (if that counterparty is of a type that falls within the scope of that Regulation) the centre of its main interests is situated within the United Kingdom within the meaning of the Council Regulation of 29 May 2000 on insolvency proceedings (Regulation 1346/2000/EC); and

(e) there is no current or foreseen material practical or legal impediment to the prompt transfer of capital resources or repayment of liabilities from the counterparty to the firm.

Where a firm chooses to use the above approach, so disapplying BIPRU 3.2.20R (Calculation of risk weighted exposures amounts under the standardised approach), it must assign a risk weight of 0% to the exposure.

A firm need not apply this treatment to every exposure that is eligible for a 0% risk weighting.

Additional Full Handbook Text

BIPRU 3.2.26 R

A firm must not apply the treatment in BIPRU 3.2.25R to exposures giving rise to liabilities in the form of any of the following items:

- (1) in the case of a BIPRU firm, any tier one capital or tier two capital; and
- (2) in the case of any other undertaking, any item that would be tier one capital or tier two capital if the undertaking were a BIPRU firm.

BIPRU 3.2.27 R

(1) The condition referred to in BIPRU 3.2.25R(1)(b) is that both the counterparty and the firm are:

- (a) included within the scope of consolidation on a full basis with respect to the same UK consolidation group and BIPRU 8.3.1R applies to the firm with respect to that UK consolidation group; or
- (b) included within the scope of consolidation on a full basis with respect to the same group by a competent authority of an EEA State other than the United Kingdom under the CRD implementation measures about consolidated supervision for that EEA State; or
- (c) (provided that this consolidation is carried out to standards equivalent to those in (a) and (b)) included within the scope of consolidation on a full basis with respect to the same group by a third country competent authority under prudential rules for the banking sector or investment services sector of or administered by that third country competent authority.

(2) A group is subject to consolidation to equivalent standards for the purpose of (1)(c) only if the firm or another EEA firm in that group has been notified in writing by the FSA or a competent authority of another EEA State pursuant to Article 143 of the Banking Consolidation Directive that that group is subject to equivalent supervision.

Appendix IX

Market Risk

A large proportion of firms do not have positions and so have no market risk in the traditional sense. However many have a low level of market risk created by foreign currency balances (BIPRU 7.5). Any amounts held in a foreign currency are considered to be a type of exposure. The calculation for this is equal to 8% of the higher of the net long and net short open currency position.

A firm must calculate its open currency position by:

- (1) calculating the net position in each foreign currency;
- (2) converting each such net position into its base currency equivalent at current spot rates;
- (3) summing all short net positions and summing all long net positions calculated under (1) and (2);
and
- (4) selecting the larger sum (ignoring the sign) from (3).

Appendix X

Guidelines on Calculating Fixed Overhead Requirement (GENPRU 2.1.53)

The following expenses can be deducted from relevant fixed expenditure when calculating Fixed Overhead Requirement:

1. staff bonuses, except to the extent that they are guaranteed;
2. employees' and directors' shares in profits, except to the extent that they are guaranteed;
3. other appropriations of profits;
4. shared commission and fees payable which are directly related to commission and fees receivable, which are included within total revenue;
5. interest charges in respect of borrowings made to finance the acquisition of the firm's readily realisable investments;
6. interest paid to customers on client money;
7. interest paid to counterparties;
8. fees, brokerage and other charges paid to clearing houses, exchanges and intermediate brokers for the purposes of executing, registering or clearing transactions;
9. foreign exchange losses; and
10. other variable expenditure

Appendix XI

FSA reporting schedule

The FSA expects regular reports to be submitted by regulated firms. From Summer 2008 (see the full reporting schedule below for exact dates) which reports you complete will be based on your permissions. The firms permissions are translated into Regulated Activity Groups (RAG) which indicate which forms (eg FSA 001 FSA 002 FSA 003 etc) are appropriate. The frequency of these reports is based on your base capital requirement. So a 730K BIPRU firm will report on a more regular basis than a 50K BIPRU firm for example.

RAG

Most 50K Limited Licence firms have at least the FSA regulated Permissions set out in the table below which correspond to the RAG groups as indicated.

Permission	RAG Group
Advising on investments (except on Pension Transfers and Pension Opt Outs)	RAG 3
Arranging (bringing about) deals in investments	RAG 3
Dealing in investments as agent	RAG 3
Dealing in investments as principal	RAG 3
Making arrangements with a view to transactions in investments	RAG 8
Operating a Multilateral Trading Facility (MTF)	RAG 8

Forms

This means that FSA will require the submission of data items as set out in the table below. Submission will be completed electronically via the new GABRIEL system which will also provide a reporting schedule.

Reporting and Due Dates Schedule 2008

BIPRU 50K Limited Licence (RAG Numbers 3 and 8)

No colour – continuing reports

Grey – phased out

Red – Jan 08

Yellow – June 08

Green – August 08

Year end: 31st December 2008

Report Type	Frequency	Notes
ISD Standard Financial	Quarterly	One month of quarter end
ISD Standard Financial	Quarterly	One month of quarter end
Data Item FSA009	Quarterly	One month of quarter end
Data Item FSA001 Balance Sheet	Quarterly	20 business days
Data Item FSA001	Quarterly	20 business days
Data Item FSA001	Quarterly	20 business days
Data Item FSA002 Income Statement	Quarterly	20 business days
Data Item FSA002	Quarterly	20 business days
Data Item FSA002	Quarterly	20 business days
Data Item FSA003 Capital Adequacy	Monthly (Last day of every month)	15 business days
Data Item FSA004 Credit Risk	Quarterly	15 business days
Data Item FSA004	Quarterly	15 business days
Data Item FSA004	Quarterly	15 business days
Data Item FSA005 Market Risk (50M+)	Quarterly	20 business days
Data Item FSA005	Quarterly	20 business days
Data Item FSA006 Market Risk Supp	Quarterly	20 business days
Data Item FSA006	Quarterly	20 business days
Data Item FSA007 Operational Risk	Annually	2 months
Data Item FSA008 Large Exposures	Quarterly	20 business days
Data Item FSA008	Quarterly	20 business days
Data Item FSA008	Quarterly	20 business days
Data Item FSA016 Solo Consolidation data	Half yearly	30 Business days
Data Item FSA016	Half yearly	30 Business days
Data Item FSA018	Quarterly	45 Business days

Large Exposures		
Data Item FSA018	Quarterly	45 Business days
Data Item FSA018	Quarterly	45 Business days
Data Item FSA019 Pillar 2 (ICAAP)	Annually	2 months of the year end
Data Item FSA028 Non EEA sub-group	Half yearly	30 Business days
Data Item FSA028	Half yearly	30 Business days
Data Item FSA039 Client money and assets	Half yearly	30 Business days
Data Item FSA040 CFTC	Quarterly	15 Business days
Data Item FSA040	Quarterly	15 Business days
Data Item FSA045 IRB portfolio risk	Quarterly	20 Bus days
Data Item FSA045	Quarterly Half yearly	20 Bus days 30 Bus days – un/solo con 45 Bus days – UK con group
Data Item FSA046 Securitisation	Half yearly	30 Bus days – un/solo con 45 Bus days – UK con group
Controllers Report	Annually	four months of year end
Close Links Report	Annually	four months of year end
Audited Annual Financial Statements	Annually	Prepared by auditors, four months of year end
Annual Reconciliation	Annually	Prepared by auditors, four months of year end
Auditors Report	Annually	Prepared by auditors, four months of year end
Solvency Statement	Annually	Prepared by auditors, three months of the year end

NB Failure to submit a correctly dated fineable statement by the due date will render the firm liable to a financial penalty in accordance with SUP 16.3.14 and DEPP 6.6

Appendix XII

FSA 003

FSA003

Capital adequacy

The firm completing this is subject to the capital rules for (tick one only):

- | | | |
|---|---|--------------------------|
| 1 | A UK bank or a building society | <input type="checkbox"/> |
| 2 | A full scope BIPRU investment firm | <input type="checkbox"/> |
| 3 | A BIPRU limited activity firm | <input type="checkbox"/> |
| 4 | A BIPRU limited licence firm, including a UCITS investment firm | <input type="checkbox"/> |

- | | | |
|---|--|--------------------------|
| 5 | If you are a full scope BIPRU investment firm, do you meet the conditions in BIPRU TP 12.1R? | <input type="checkbox"/> |
|---|--|--------------------------|

If you are a BIPRU investment firm, are you a:

- | | | |
|----|---|--------------------------|
| 6 | BIPRU 730K firm | <input type="checkbox"/> |
| 7 | BIPRU 125K firm (excluding UCITS investment firms) | <input type="checkbox"/> |
| 8 | UCITS investment firm | <input type="checkbox"/> |
| 9 | BIPRU 50K firm | <input type="checkbox"/> |
| 10 | Do you have an investment firm consolidation waiver under BIPRU 8.4? | <input type="checkbox"/> |
| 11 | Have you notified the FSA, at least one month in advance of the date of this report, that you intend to deduct illiquid assets? | <input type="checkbox"/> |

- | | | |
|----|---|--------------------------|
| 12 | Basis of reporting | |
| | Unconsolidated/Solo-consolidated/Consolidated | <input type="checkbox"/> |

If consolidated, please complete data elements 13 and 14, otherwise go straight to data element 15.

- | | | | |
|----|-------------------------------------|--------------------------|-------------------------------------|
| 13 | For consolidated reporting, provide | | |
| | | A | B |
| | Group reference | <input type="checkbox"/> | Group name <input type="checkbox"/> |

- | | | | |
|----|---|--------------------------|-------------------------------|
| 14 | For consolidated reporting, provide details of all other FSA authorised firms included in this consolidated report. | | |
| | | A | B |
| | FRN | <input type="checkbox"/> | Name <input type="checkbox"/> |
| | | <input type="checkbox"/> | <input type="checkbox"/> |
| | | <input type="checkbox"/> | <input type="checkbox"/> |

	A Capital resources for all other purposes	B Capital resources omitting Stage C
15	Total capital after deductions	
16	Total tier one capital after deductions	
17	Core tier one capital	
18	Permanent share capital	
19	Profit and loss account and other reserves	
20	Interim net losses	
21	Eligible partnership, LLP or sole trader capital	
22	Share premium account	
23	Externally verified interim net profits	
24	Other tier one capital	
25	Perpetual non-cumulative preference shares subject to limit	
26	Innovative tier one instruments subject to limit	
27	Deductions from tier one capital	
28	Investments in own shares	
29	Intangible assets	
30	Excess on limits for non innovative tier one instruments	
31	Excess on limits for innovative tier one instruments	
32	Excess of drawings over profits for partnerships, LLPs or sole traders	
33	Net losses on equities held in the available-for-sale financial asset category	
34	Material holdings	
35	Total tier two capital after deductions	
36	Upper tier two capital	
37	Excess on limits for tier one capital transferred to upper tier two capital	
38	Upper tier two capital instruments	
39	Revaluation reserve	
40	General/collective provisions	
41	Surplus provisions	
42	Lower tier two capital	
43	Lower tier two capital instruments	
44	Excess on limits for lower tier two capital	

45	Deductions from tier two capital		
46	Excess on limits for tier two capital		
47	Other deductions from tier two capital		
48	Deductions from total of tiers one and two capital		
49	Material holdings		
50	Expected loss amounts and other negative amounts		
51	Securitisation positions		
52	Qualifying holdings		
53	Contingent liabilities		
54	Reciprocal cross-holdings		
55	Investments that are not material holdings or qualifying holdings		
56	Connected lending of a capital nature		
57	Total tier one capital plus tier two capital after deductions		
58	Total tier three capital		
59	Excess on limits for total tier two capital transferred to tier three capital		
60	Short term subordinated debt		
61	Net interim trading book profit and loss		
62	Excess on limit for tier three capital		
63	Unused but eligible tier three capital (memo)		
64	Total capital before deductions		
65	Deductions from total capital		
66	Excess trading book position		
67	Illiquid assets		
68	Free deliveries		
69	Base capital resources requirement		
70	Total variable capital requirement		
71	Variable capital requirement for UK banks and building societies		
72	Variable capital requirement for full scope BIPRU investment firms		
73	Variable capital requirement for BIPRU limited activity firms		
74	Variable capital requirement for BIPRU limited licence firms		
75	Variable capital requirement for UCITS investment firms		
76	Variable capital requirements to be met from tier one and tier two capital		

77	Total credit risk capital component	
78	Credit risk calculated by aggregation for UK consolidation group reporting	
79	Credit risk capital requirements under the standardised approach	
80	Credit risk capital requirements under the IRB approach	
81	Under foundation IRB approach	
82	Retail IRB	
83	Under advanced IRB approach	
84	Other IRB exposures classes	
85	Total operational risk capital requirement	
86	Operational risk calculated by aggregation for UK consolidation group reporting	
87	Operational risk basic indicator approach	
88	Operational risk standardised/alternative standardised approaches	
89	Operational risk advanced measurement approaches	
90	Reduction in operational risk capital requirement under BIPRU TP 12.1	
91	Counterparty risk capital component	
92	Capital requirements for which tier three capital may be used	
93	Total market risk capital requirement	
94	Market risk capital requirement calculated by aggregation for UK consolidation group reporting	
95	Position, foreign exchange and commodity risks under standardised approaches (TSA)	
96	Interest rate PRR	
97	Equity PRR	
98	Commodity PRR	
99	Foreign currency PRR	
100	CIU PRR	
101	Other PRR	
102	Position, foreign exchange and commodity risks under internal models (IM)	
103	Concentration risk capital component	
104	Fixed overhead requirement	
105	Capital resources requirement arising from capital floors	
106	Surplus (+) / Deficit (-) of own funds	
107	Solvency ratio (%)	
108	Individual Capital Guidance - total capital resources	

109	Individual Capital Guidance - general purpose capital	
110	Surplus/(deficit) total capital over ICG	
111	Surplus/(deficit) general purposes capital over ICG	

MEMORANDUM ITEMS

112	Value of portfolio under management - UCITS investment firms	
-----	--	--

Prudential filters

113	Unrealised gains on available-for-sale assets	
114	Unrealised gains (losses) on investment properties	
115	Unrealised gains (losses) on land and buildings	
116	Unrealised gains (losses) on debt instruments held in the available for sale category	
117	Unrealised gains (losses) on cash flow hedges of financial instruments	
118	Unrealised gains (losses) on fair value financial liabilities	
119	Defined benefit asset (liability)	
120	Deficit reduction amount if used	
121	Deferred acquisition costs (deferred income) (DACs/DIRs)	

Minority interests

122	Minority interests included within capital resources	
123	of which: innovative tier one instruments	

Profits

124	Profits not externally verified at the reporting date but subsequently verified	
125	Total capital after deductions after profits have been externally verified	

Allocation of deductions between tier one and two capital

126	Material insurance holdings excluded from allocation	
127	Allocated to tier one capital	
128	Allocated to tier two capital	

Firms on the IRB/AMA approaches

129	Total capital requirement under pre-CRD rules	
130	Total credit risk capital component under pre-CRD	
131	Expected loss amounts - wholesale, retail and purchased receivables	
132	Expected loss amounts - equity	
133	Total value adjustments and provisions eligible for the "EL less provisions" calculation under IRB	
134	Total deductions from tier 1 and tier 2 capital according to pre-CRD rules	

Appendix XIII

Guide to completing FSA 003

The data item FSA 003 provides the FSA with information on the solvency of the firm. The data item is intended to reflect the underlying prudential requirements contained in GENPRU and BIPRU and allows monitoring against the requirements set out there and also those individual requirements placed on firms. References to the underlying rules to assist in its completion are included.

Columns A and B

There are two different measures of capital resources. For the purposes of the capital resources requirement under GENPRU 2.1.40R onwards and for disclosure purposes under BIPRU 11, it is calculated and set out in Column B of this data item. This column excludes stage C in the capital resources calculation set out in GENPRU 2 Annexes 2R, 3R, 4R, 5R and 6R. For the purposes of GENPRU 2.2.17R, capital resources are set out in Column A.

The difference between them is in relation to innovative tier one capital (ie Stage C) which, for the purposes of GENPRU 2.1.9R, cannot be included (GENPRU 2.2.42R).

Valuation

For the general policy on valuation, please see the rules and guidance set out in GENPRU 1.3.

Currency

You should report in the currency of your annual audited accounts ie in either Sterling, Euro, US dollars, Canadian dollars, Swedish Kroner, Swiss Francs or Yen. Figures should be reported in 000s.

Data elements

These are referred to by row first, then by column, so data element 2B will be the element numbered 2 in column B.

Non-Applicable Questions

Some questions are not applicable as they relate to for example banks or full scope firms. These questions have been highlighted in grey.

1A Is the firm a UK bank or a building society?

No

2A Is the firm a full scope BIPRU investment firm?

No

3A Is the firm a BIPRU limited activity firm?

No

4A Is the firm a BIPRU limited licence firm?

Yes

5A If you are a full scope BIPRU investment firm, do you meet the conditions in BIPRU TP 12.1R?

n/a

6A Are you a BIPRU 730K firm?

No

7A Are you a BIPRU 125K firm?

No

8A Are you a UCITS investment firm?

No

9A Are you a BIPRU 50K firm?

Yes

10A Do you have a waiver from consolidated supervision?

No

Tick only if your firm has a waiver from consolidated supervision under BIPRU 8.4.

11A Have you notified the FSA, at least one month in advance of the date of this report, that you intend to deduct illiquid assets?

No as mentioned above you currently deduct only material holdings. GENPRU 2.2.19R.

12A Basis of reporting

Unconsolidated at present.

Firms should enter whether the report is on an unconsolidated basis, solo-consolidated basis, or consolidated basis. If the report is on behalf of a UK consolidation group (see BIPRU 8.4), firms should also complete 13A, 13B, 14A and 14B.

13A For consolidated reporting, please provide the Group reference number

n/a

13B For consolidated reporting, please provide the Group name

n/a

14A For consolidated reporting, please provide the FSA FRNs

List here the FSA firm reference numbers for all FSA authorised firms included within the UK consolidation group.

14B For consolidated reporting, please provide the names of the firms included

n/a

15A Total capital after deductions

See GENPRU 2.2.42R and GENPRU 2.2.43G for details of those purposes for which innovative tier one capital may be used. In other circumstance, firms should use the capital resources figures calculated in column B, which excludes innovative tier one capital.

This is equivalent to stage T in:

- GENPRU 2 Annex 4R for a BIPRU investment firm deducting material holdings;
- GENPRU 2 Annex 5R for a BIPRU investment firm deducting illiquid assets; and

This is the capital resources figure that is used under BIPRU 10.5.4R for calculating a firm's concentration capital component.

15B Total capital after deductions

This is equivalent to 15A, but excludes stage C (in GENPRU 2 Annexes 2R, 3R, 4R, 5R and 6R). It will only differ from 15A if the firm has issued innovative tier one capital.

16A Total tier one capital after deductions

Equivalent to stage F in:

- GENPRU 2 Annex 4R for a BIPRU investment firm deducting material holdings;
- GENPRU 2 Annex 5R for a BIPRU investment firm deducting illiquid assets;

16B Total tier one capital after deductions

This is equivalent to 16A, but reflecting GENPRU 2.2.42R and GENPRU 2.2.43G. It will only differ from 16A if the firm has issued innovative tier one capital.

17A Core tier one capital

This element is equivalent to stage A in

- GENPRU 2 Annex 4R for a BIPRU investment firm deducting material holdings;
- GENPRU 2 Annex 5R for a BIPRU investment firm deducting illiquid assets; and

17B Core tier one capital

This will have the same value as 17A.

18A Permanent share capital

See GENPRU 2.2.83R. This excludes preference shares and PIBS (see 25A below).

19A Profit and loss account and other reserves

See GENPRU 2.2.85R to GENPRU 2.2.90R, but excluding interim net losses reported in 20A below.

20A Interim net losses

See GENPRU 2.2.85R. For BIPRU investment firms, only material interim net losses should be reported.

21A Eligible partnership, LLP or sole trader capital

n/a unless the firm is an LLP

22A Share premium account

See GENPRU 2.2.101R.

23A Externally verified interim net profits

Only include here those profits which have been externally verified at the reporting date. (Profits for the year which have been externally verified between the reporting date and the submission date should be reported in 124A.) See GENPRU 2.2.102R and GENPRU 2.2.103G.

24A Other tier one capital, subject to limits

24B Other tier one capital, subject to limits

This will have the same value as in 24A. (Although innovative tier one capital is not included for CRR purposes, it is included here and the disallowable portion is reported in 31B.)

25A Perpetual non-cumulative preference shares

This data element (after deduction of data element 30A) is equivalent to Stage B in:

- GENPRU 2 Annex 4R for a BIPRU investment firm deducting material holdings;
- GENPRU 2 Annex 5R for a BIPRU investment firm deducting illiquid assets;

It includes perpetual non-cumulative preference shares (see GENPRU 2.2.109R) and PIBS (see GENPRU 2.2.111R). See also GENPRU TP 8.2R to GENPRU TP 8.6R.

26A Innovative tier one instruments subject to limit

See GENPRU 2.2.113R to GENPRU 2.2.137R, before the application of GENPRU 2.2.30R. Also see GENPRU TP 8.7R.

This data element (after deduction of data element 31A) is equivalent to Stage C in:

- GENPRU 2 Annex 4R for a BIPRU investment firm deducting material holdings;
- GENPRU 2 Annex 5R for a BIPRU investment firm deducting illiquid assets;

27A Deductions from tier one capital

This data element (excluding 30A and 31A) is equivalent to Stage E in:

- GENPRU 2 Annex 4R for a BIPRU investment firm deducting material holdings;
- GENPRU 2 Annex 5R for a BIPRU investment firm deducting illiquid assets;

27B Deductions from tier one capital

This figure will differ from 27A only if a firm has issued innovative tier one instruments in 26A.

28A Investments in own shares

See Stage E in:

- GENPRU 2 Annex 4R for a BIPRU investment firm deducting material holdings;
- GENPRU 2 Annex 5R for a BIPRU investment firm deducting illiquid assets;

28B Investments in own shares

This is the same figure as in 28A.

29A Intangible assets

See GENPRU 2.2.155R.

29B Intangible assets

This is the same figure as in 29A.

30A Excess on limits for non-innovative tier one instruments

The amount reported in 25A which is in excess of the limits set out in GENPRU 2.2.29R. See also GENPRU 2.2.25R.

30B Excess on limits for non-innovative tier one instruments

This is the same figure as in 30A.

31A Excess on limits for innovative tier one instruments

The amount reported in 26A which is in excess of the limits set out in GENPRU 2.2.30R. See also GENPRU 2.2.25R. As set out in GENPRU 2.2.25R to GENPRU 2.2.27R, the excess is however available in upper tier two capital in 37A.

31B Excess on limits for innovative tier one instruments

In line with GENPRU 2.2.42R, innovative tier one capital cannot be included in tier one capital resources. This figure equates to the whole of the firm's innovative tier one capital (26A). As set out in GENPRU 2.2.25R to GENPRU 2.2.27R, the capital is however available in upper tier two capital in 37B.

It gives effect to Note (3) in:

- GENPRU 2 Annex 4R for a BIPRU investment firm deducting material holdings;
- GENPRU 2 Annex 5R for a BIPRU investment firm deducting illiquid assets;

32A Excess of drawings over profits for partnerships, LLPs and sole traders

n/a unless the firm is an LLP

See GENPRU 2.2.100R.

32B Excess of drawings over profits for partnerships, LLPs and sole traders

n/a unless the firm is an LLP

This is the same figure as reported in 32A.

33A Net losses on equities held in the available-for-sale financial assets category

See GENPRU 2.2.185R (2).

33B Net losses on equities held in the available-for-sale financial assets category

This is the same figure as reported in 33A.

34A Material holdings

n/a

This is only applicable to a BIPRU investment firm with a waiver from consolidated supervision. For firms only deducting material holdings they are deducted at 49A and 49B. See Note (4) to GENPRU 2 Annex 6R and also GENPRU 2.2.208R to GENPRU 2.2.215R.

34B Material holdings

n/a This is the same figure as reported in 34A.

35A Total tier two capital after deductions

This is equivalent to Stage K in:

- GENPRU 2 Annex 4R for a BIPRU investment firm deducting material holdings;
- GENPRU 2 Annex 5R for a BIPRU investment firm deducting illiquid assets;

35B Total tier two capital after deductions

This is broadly similar to 35A, except that it takes account of GENPRU 2.2.42R where a firm has innovative tier one capital that cannot be included in tier one.

36A Upper tier two capital, subject to limits

This data element (after deducting 44A and 46A) is equivalent to Stage G in:

- GENPRU 2 Annex 4R for a BIPRU investment firm deducting material holdings;
- GENPRU 2 Annex 5R for a BIPRU investment firm deducting illiquid assets;

36B Upper tier two capital, subject to limits

This data element (after deducting 44B and 46B) is equivalent, after taking account of GENPRU 2.2.42R where a firm has innovative tier one capital, to Stage G in:

- GENPRU 2 Annex 4R for a BIPRU investment firm deducting material holdings;
- GENPRU 2 Annex 5R for a BIPRU investment firm deducting illiquid assets;

37A Excess on limits for tier one capital transferred to upper tier two capital

See GENPRU 2.2.25R to GENPRU 2.2.27R. This will not exceed the sum of 30A and 31A.

37B Excess on limits for tier one capital transferred to upper tier two capital

As 37A, but includes all innovative tier one capital as none of it could be included in tier one capital resources as a result of GENPRU 2.2.42R. This will not exceed the sum of 30B and 31B.

38A Upper tier two capital instruments, subject to limits

Report here perpetual cumulative preference shares, perpetual subordinated debt and perpetual subordinated securities. See GENPRU 2.2.159R to GENPRU 2.2.193R. See also GENPRU TP 8.8R.

38B Upper tier two capital instruments, subject to limits

This is the same figure as reported in 38A.

39A Revaluation reserve

See GENPRU 2.2.185R.

39B Revaluation reserve

This is the same figure as reported in 39A.

40A General/collective provisions

See GENPRU 2.2.187R to GENPRU 2.2.189R.

40B General/collective provisions

This is the same figure as reported in 40A.

41A Surplus provisions

This includes surplus provisions in accordance with GENPRU 2.2.190R to GENPRU 2.2.193R.

41B Surplus provisions

This is the same figure as reported in 41A.

42A Lower tier two capital

This is equivalent to Stage H at:

- GENPRU 2 Annex 4R for a BIPRU investment firm deducting material holdings;
- GENPRU 2 Annex 5R for a BIPRU investment firm deducting illiquid assets;

42B Lower tier two capital

This figure will differ from 42A if the firm had any innovative tier one capital reported in 26A.

43A Lower tier two capital instruments subject to limits

Includes fixed term preference shares, long term subordinated debt (after amortisation) and fixed term subordinated securities.

See GENPRU 2.2.159R to GENPRU 2.2.174R and GENPRU 2.2.194R to GENPRU 2.2.196R.

43B Lower tier two capital instruments subject to limits

This is the same figure as reported in 43A.

44A Excess on limits for lower tier two capital

The amount reported in 43A that is in excess of the limits set out in GENPRU 2.2.46R (2).

44B Excess on limits for lower tier two capital

The amount reported in 43B that is in excess of the limits set out in GENPRU 2.2.46R (2).

If the firm has not reported innovative tier one capital instruments in 26A, this number will be the same as 44A.

45A Deductions from tier two capital

This data element (excluding 46A) is equivalent to Stage J in:

- GENPRU 2 Annex 4R for a BIPRU investment firm deducting material holdings;
- GENPRU 2 Annex 5R for a BIPRU investment firm deducting illiquid assets;

45B Deductions from tier two capital

If the firm has not reported innovative tier one instruments in 26A, this number will be the same as 45A.

Otherwise, this data element (excluding 46B) is equivalent to Stage J (after taking account of Note (3)) in:

- GENPRU 2 Annex 4R for a BIPRU investment firm deducting material holdings;
- GENPRU 2 Annex 5R for a BIPRU investment firm deducting illiquid assets;

46A Excess on limits for tier two capital

The amounts reported in 36A and 42A in excess of the limits set out GENPRU 2.2.46R (1).

46B Excess on limits for tier two capital

If the firm has not reported innovative tier one instruments in 26A, this number will be the same as 46A. Otherwise it is the amounts reported in 36B and 42B in excess of the limits set out GENPRU 2.2.46R (1).

47A Other deductions from tier two capital

Do not report here certain additional deductions made under GENPRU 2.2.239R (3) and (4).

BIPRU investment firms with a waiver from consolidated supervision should see Note (5) of Part 2 of GENPRU 2 Annex 6R.

47B Other deductions from tier two capital

This is the same figure as reported in 47A.

48A Deductions from total of tiers one and two

This is equivalent to Stage M of:

- GENPRU 2 Annex 4R for a BIPRU investment firm deducting material holdings;
- GENPRU 2 Annex 5R for a BIPRU investment firm deducting illiquid assets;

48B Deductions from total of tiers one and two

This is the same figure as reported in 48A.

49A Material holdings

This is not relevant for a BIPRU investment firm that deducts illiquid assets under GENPRU 2.2.19R.

BIPRU firms should see GENPRU 2.2.208R to GENPRU 2.2.215R.

Firms should also note the transitional arrangements for material insurance holdings in GENPRU TP 7.

50A Expected loss amounts and other negative amounts

See GENPRU 2.2.236R.

51A Securitisation positions

See GENPRU 2.2.237R.

52A Qualifying holdings

n/a

This is only relevant for UK banks and building societies.

See GENPRU 2.2.202R to GENPRU 2.2.207R.

53A Contingent liabilities

n/a

This is only relevant for a BIPRU investment firm with a waiver from consolidated supervision. These firms should see Note (6) to Part 2 of GENPRU 2 Annex 6R.

54A Reciprocal cross holdings

See GENPRU 2.2.217R to GENPRU 2.2.220R.

55A Investments which are not material holdings or qualifying holdings

n/a

This is only relevant for UK banks and building societies.

56A Connected lending of a capital nature

n/a

This is only relevant for UK banks.

See GENPRU 2.2.221R to GENPRU 2.2.233R.

57A Total tier one capital plus tier two capital after deductions

This is equivalent to Stage N of:

- GENPRU 2 Annex 4R for a BIPRU investment firm deducting material holdings;
- GENPRU 2 Annex 5R for a BIPRU investment firm deducting illiquid assets;

(It is also the basis for the capital resources used under BIPRU 10.5.3R for the purposes of measuring large exposures. However, it is further adjusted under BIPRU 10.5.5R to remove data elements 41A (surplus provisions), 50A (expected loss amounts) and 51A (securitisation positions) for these purposes.)

57B Total tier one capital plus tier two capital after deductions

This may differ from 57A if the firm reported innovative tier one instruments in 26A.

This is equivalent to Stage N of:

- GENPRU 2 Annex 4R for a BIPRU investment firm deducting material holdings;
- GENPRU 2 Annex 5R for a BIPRU investment firm deducting illiquid assets;

Firms should note that if this figure is less than the base capital resources requirement (reported in data element 69A), the firm's capital resources are less than its capital resources requirement. See Note (2) in GENPRU 2 Annexes 2R, 3R, 4R, 5R and 6R.

58A Total tier three capital

This is equivalent to Stage Q of:

- GENPRU 2 Annex 4R for a BIPRU investment firm deducting material holdings;
- GENPRU 2 Annex 5R for a BIPRU investment firm deducting illiquid assets;

58B Total tier three capital

This is broadly similar to 58A, except that it takes account of GENPRU 2.2.42R where a firm has innovative tier one capital that cannot be included in tier one.

59A Excess on limits for tier two capital transferred to tier three capital

See GENPRU 2.2.25R to GENPRU 2.2.27R. This will be no greater than the sum of 44A and 46A.

59B Excess on limits for tier two capital transferred to tier three capital

See GENPRU 2.2.25R to GENPRU 2.2.27R. This will be no greater than the sum of 44B and 46B.

If the firm has not reported innovative tier one instruments, the figure should be the same as 59A.

60A Short term subordinated debt, subject to limits

See GENPRU 2.2.241R to GENPRU 2.2.245R

60B Short term subordinated debt, subject to limits

This figure will be the same as 60A.

61A Net interim trading book profit and loss

See GENPRU 2.2.246R to GENPRU 2.2.249R.

61B Net interim trading book profit and loss

This figure will be the same as 61A.

62A Excess on limit for tier three capital

The amount reported in 59A and 60A in excess of the limits set out in GENPRU 2.2.49R to GENPRU 2.2.50R.

62B Excess on limit for tier three capital

The amount reported in 59B and 60B in excess of the limits set out in GENPRU 2.2.49R to GENPRU 2.2.50R. It will only differ from 62A if the firm has reported innovative tier one capital in 26A.

63A Unused but eligible tier three capital (memo)

See GENPRU 2.2.47R.

This is data element 58A less the amount shown in data element 92A. If the result is negative, enter 0. This is the surplus tier three capital which may only be used for the purposes set out in BIPRU 2.2.47R.

63B Unused but eligible tier three capital (memo)

See GENPRU 2.2.47R.

This is the sum of data elements 58B less the amount shown in data element 92A. If the result is negative, enter 0. This is the surplus tier three capital which may only be used for the purposes set out in BIPRU 2.2.47R.

It may differ from 63A if the firm has reported innovative tier one capital in 26A.

64A Total capital before deductions

This is equivalent to Stage R of:

- GENPRU 2 Annex 4R for a BIPRU investment firm deducting material holdings;
- GENPRU 2 Annex 5R for a BIPRU investment firm deducting illiquid assets;

64B Total capital before deductions

This figure will differ from 64A if the firm had any innovative tier one capital reported in 26A.

65A Deductions from total capital

This is equivalent to Stage S of:

- GENPRU 2 Annex 4R for a BIPRU investment firm deducting material holdings;
- GENPRU 2 Annex 5R for a BIPRU investment firm deducting illiquid assets;

65B Deductions from total capital

This will be the same value as reported in 65A.

66A Excess trading book position

n/a

This is only relevant for UK banks and building societies.

See GENPRU 2.2.263R to GENPRU 2.2.265R.

67A Illiquid assets

n/a

This is only relevant for a BIPRU investment firm deducting illiquid assets under GENPRU 2.2.19R, or a BIPRU investment firm with a waiver from consolidated supervision.

See GENPRU 2.2.259R to GENPRU 2.2.260R.

68A Free deliveries

See BIPRU 14.4.

69A Base capital resources requirement

Enter here the firm's base capital resources requirement, converted into the currency of reporting.

See GENPRU 2.1.41R to GENPRU 2.1.43G, GENPRU 2.1.47R and GENPRU 2.1.48R. UK banks authorised before 1993 should also see GENPRU 2.1.60R to GENPRU 2.1.62R.

If the report is for a UK consolidation group, this should be zero – see BIPRU 8.3.3G.

70A Total variable capital requirement

This is the variable capital requirement of the firm or UK consolidations group, as calculated in 71A to 75A below. Each firm will only fill in one variable capital requirement which will have the correct method of calculating the variable capital requirement in accordance with GENPRU 2.1.45R and GENPRU 2.1.46R and any relevant waivers or treatment identified through the responses to data elements 5A, 10A and 11A above. In the case of a UK consolidation group, the rules set out in BIPRU 8 Annex 5R apply irrespective of whether the subsidiaries are in the UK or not.

71A Variable capital requirement for banks and building societies

n/a

This is also relevant for a UK consolidation group that is subject to the capital requirements at Stage 1 of BIPRU 8 Annex 5R. This is the sum of the credit risk capital requirement, the market risk capital requirement, and the operational risk capital requirement.

72A Variable capital requirement for full scope BIPRU investment firms

n/a

This is also relevant for a UK consolidation group that is subject to the capital requirements at Stage 2 of BIPRU 8 Annex 5R. This is the sum of the credit risk capital requirement, the market risk capital requirement, and the operational risk capital requirement less any reduction in the operational risk capital requirement under BIPRU TP 12.1.

73A Variable capital requirement for BIPRU limited activity firms

n/a

This is also relevant for a UK consolidation group that is subject to the capital requirements at Stage 3 of BIPRU 8 Annex 5R. This is the sum of the credit risk capital requirement, the market risk capital requirement, and the fixed overheads requirement.

74A Variable capital requirement for BIPRU limited licence firms

This is the sum of the credit risk capital requirement and the market risk capital requirement, or the fixed overheads requirement if that is higher.

75A Variable capital requirement for UCITS investment firms

n/a

76A Variable capital requirements to be met from tier one and tier two capital

See GENPRU 2.2.44R. This is the sum of the credit risk capital component (data element 77A), the operational risk capital requirement (data element 85A, less data element 90A if applicable) and the counterparty risk capital component (data element 91A). It also includes that part of 92A that is not met from tier three capital alone (58A).

77A Total credit risk capital component

See BIPRU 3.1.5R.

A further breakdown of this figure is provided quarterly in FSA004.

78A Credit risk calculated by aggregation for UK consolidation group reporting

n/a

This is only relevant for UK consolidation groups, and then only if they calculate their credit risk capital component under BIPRU 8.7.13R (2).

79A Credit risk capital requirements under the standardised approach

The credit risk capital component calculated under BIPRU 3, using the exposure classes set out in BIPRU 3.2.9. This will agree with data element 1A on FSA004.

80A Credit risk capital requirements under the IRB approach

n/a

81A Under foundation IRB approach

n/a

82A Retail IRB

n/a

83A Under advanced IRB approach

n/a

84A Other IRB exposure classes

n/a

85A Total operational risk capital requirement

n/a

This is only relevant for UK banks, building societies and full scope BIPRU investment firms. It is also relevant for any BIPRU limited activity firm or BIPRU limited licence firm that has a waiver under BIPRU 6.1.2G (to apply an ORCR rather than a fixed overheads requirement).

See BIPRU 6.

A full scope BIPRU investment firm that meets the conditions set out in BIPRU TP 5.1R should enter here the full ORCR that would have applied but for BIPRU TP 5.7R. The reduction as a result of that rule should be reported in data element 90A.

A further breakdown of this figure is provided in FSA007 for firms on the standardised approach, alternative standardised approach or the advanced models approach.

86A Operational risk calculated by aggregation for UK consolidation group reporting

n/a

This is only relevant for UK consolidation groups completing data element 89A, and then only if they calculate their operational risk capital requirement under BIPRU 8.7.13R (2).

87A Operational risk basic indicator approach

n/a

This is only relevant for those firms completing data element 85A.

See BIPRU 6.3.

88A Operational risk standardised/alternative standardised approach

n/a

This is only relevant for those firms completing data element 85A.

See BIPRU 6.4. This will agree to data element 15A on FSA007.

89A Operational risk advanced measurement approaches

n/a

This is only relevant for those firms completing data element 85A.

See BIPRU 6.5.

This will agree to data element 15B on FSA007.

90A Reduction in operational risk capital requirement under BIPRU TP 12.1R.

n/a

This is only relevant for a full scope BIPRU investment firm that satisfies the conditions set out in BIPRU TP 12.1R.

Firms should report here the amount by which the ORCR reported in data element 85A is reduced as a result of the calculation in BIPRU TP 12.1R (thus data element 85A less this data element will give the reduced ORCR).

91A Counterparty risk capital component

See BIPRU 14.2.1R.

92A Capital requirements for which tier three capital may be used

See GENPRU 2.2.46R.

This comprises the data elements that are relevant for calculating the variable capital requirement for your firm (see GENPRU 2.2.47R) from the data elements 93A (market risk capital requirement), 103A (concentration risk capital component) and 104A (fixed overheads requirement).

93A Total market risk capital requirement

See BIPRU 7 and also GENPRU 2.2.46R.

A further breakdown of this figure (less 94A in the case of UK consolidation group reports) is provided in FSA005 for firms that meet the reporting thresholds defined in SUP 16.12.5R (note 4), SUP 16.12.11R (note 4), SUP 16.12.15R (note 4), SUP 16.12.22R (note 4) and SUP 16.12.25R (note 4).

94A Market risk capital requirement calculated by aggregation for UK consolidation group reporting

n/a

This is only relevant for UK consolidation groups, and then only if they calculate their market risk capital component under BIPRU 8.7.13R (2).

95A Position, foreign exchange and commodity risks under TSA

See BIPRU 7.

96A Interest rate PRR

See BIPRU 7.1.7R to BIPRU 7.1.13E, BIPRU 7.2, BIPRU 7.3, BIPRU 7.6, BIPRU 7.9, BIPRU 7.11.12R and BIPRU 7.11.35R.

This will agree with data element 18G on FSA005.

97A Equity PRR

See BIPRU 7.1.7R to BIPRU 7.1.13E, BIPRU 7.3.48R and BIPRU 7.3.49G, BIPRU 7.6, BIPRU 7.9, BIPRU 7.11.12R and BIPRU 7.11.35R.

This will agree with data element 29G on FSA005.

98A Commodity PRR

See BIPRU 7.1.7R to BIPRU 7.1.13E, BIPRU 7.4 and BIPRU 7.9.

This will agree with data element 40G on FSA005.

99A Foreign currency PRR

See BIPRU 7.1.7R to BIPRU 7.1.13E, BIPRU 7.5, BIPRU 7.6 and BIPRU 7.9.

This will agree with data element 48G on FSA005.

100A CIU PRR

See BIPRU 7.1.7R to BIPRU 7.1.13E, BIPRU 7.6, BIPRU 7.7 and BIPRU 7.9.

This will agree with data element 55G on FSA005.

101A Other PRR

See BIPRU 7.1.7R to BIPRU 7.1.13E.

This will agree with data element 56G on FSA005.

102A Position, foreign exchange and commodity risks under internal models

See BIPRU 7.10.

This will agree with data element 61G on FSA005.

103A Concentration risk capital component

This is the CNCOM. See BIPRU 10.5.14R to BIPRU 10.5.21G for details of how this is calculated. Figures appearing here should also appear on FSA008 under data element 5R for the same quarterly reporting date.

104A Fixed overheads requirement

See GENPRU 2.1.53R to GENPRU 2.1.59G.

105A Capital resources requirement arising from capital floors

n/a

This is only relevant for a firm that has adopted the IRB approach. Firms should enter the capital resources required to equal or exceed the amounts defined in BIPRU TP 2 and BIPRU TP 2.8R in particular. When reporting, the scaling factors set out in BIPRU TP 2.8R should have been applied.

106A Surplus/deficit of own funds

This is 15A less 70A.

This should be a positive figure, showing the amount of excess capital over that required for the variable capital requirement measured at the reporting date, as well as any requirements.

106B Surplus/deficit of own funds

This is 15B less 70A.

This should be a positive figure, showing the amount of excess capital over that required for the risks measured at the reporting date, as well as any requirements.

Firms should note that although this figure may show a surplus, if this figure reported in data element 57B is less than the base capital resources requirement (reported in data element 69A), the firm's capital resources are less than its capital resources requirement. See Note (2) in GENPRU 2 Annexes 2R, 3R, 4R, 5R and 6R.

This should be a positive figure and is the calculation required in GENPRU 2.1.40R.

107A Overall solvency ratio

This is 15A divided by 70A, multiplied by 100 and represents the firm's overall solvency.

107B Overall solvency ratio

This is 15B divided by 70A, multiplied by 100 and represents the firm's overall solvency for CRR purposes.

This ratio represents the firm's solvency in relation to its variable capital requirement under GENPRU 2.1.9R(1). In most cases, it may be the same as figure as appears in Column A, but that will not be the case if data element 15 differs between Column A and Column B because of the different treatment of innovative tier one instruments (see GENPRU 2.2.43R).

108A Individual capital guidance – total capital resources

Enter the amount of total capital resources that the FSA considers the firm should hold in order to meet GENPRU 1.2.26R (adequate financial resources). This amount can be calculated from information provided in the most recent letter the firm has received from the FSA setting out Individual Capital Guidance (as described in BIPRU 2.2.12G). The amount should be calculated as at the same reporting date as all other information included in this data item. Where this data item is being used to report for a UK consolidation group, you should enter the total group capital resources indicated in the ICG letter which will typically be based on the group capital resources requirement (data element 15B) – see BIPRU 2.2.19G.

For the purposes of giving individual capital guidance, the FSA may distinguish between capital resources which can be used to meet all risks (general purpose capital, ie stage N in GENPRU 2 Annexes 2R, 3R, 4R, 5R and 6R as appropriate) and capital resources which can only be used to meet certain risks, for instance trading book risks. Total capital resources after deductions is defined in GENPRU 2.2.12R and is stage T in GENPRU 2 Annexes 2R, 3R, 4R, 5R and 6R as appropriate. The amount of total capital resources should be shown in data element 15B. See GENPRU 2.2.16G. This data element should be used where an ICG letter provides guidance on the amount of total capital or is silent on the nature of the capital which can be used to meet the obligation in GENPRU 1.2.26R.

If no ICG has been set, firms should enter 0 here.

109A Individual capital guidance – general purpose capital

Enter the amount of general purpose capital that the FSA considers the firm should hold in order to meet GENPRU 1.2.26R (adequate financial resources). The amount should be calculated on the same basis set out for data element 15B, but refers only to general purpose capital rather than to total capital. If the firm's ICG letter does not provide guidance on the amount of general capital (or limited purpose capital) that the firm should hold or no ICG has been set for the firm, it should enter 0 here.

110A Surplus/(deficit) total capital over ICG

This is the amount in data element 15B (total capital resources) less the amount in data element 108A. However, if no ICG has been set and data element 108A is 0, this should also be 0.

111A Surplus/(deficit) general purpose capital over ICG

This is the amount in data element 57B less the amount in data element 109A. However, if no ICG has been set and data element 109A is 0, this should also be 0.

Memorandum items

112A Value of portfolio under management

n/a

This should only be provided by UCITS investment firms.

Prudential filters

Information on these data elements is required so that we can monitor their impact (or potential impact) on capital resources.

113A Unrealised gains on available-for sale-equities

This is the amount of the gain related to available-for-sale equities included within revaluation reserves reported in 39A and 39B. See GENPRU 2.2.185R(2)(b).

114A Unrealised gains (losses) on investment properties

This is the value of gains (losses) arising from revaluation reserves of investment properties that have been included within capital resources. See GENPRU 2.2.185R(3).

115A Unrealised gains (losses) on land and buildings

This is the value of gains (losses) arising from revaluation reserves of land and buildings that have been included within capital resources. See GENPRU 2.2.185R(4).

116A Unrealised gains (losses) on debt instruments held in the available-for-sale category

This is the unrealised gains (losses) on debt instruments held in the available-for-sale category that are excluded from capital resources. See GENPRU 1.3.36R(2)(b).

117A Unrealised gains (losses) on cash flow hedges of financial instruments

This is the fair value reserves related to gains (losses) on cash flow hedges of financial instruments measured at amortised cost that are excluded from capital resources. See GENPRU 1.3.36R(2)(a).

118A Unrealised gains (losses) on fair value financial liabilities

This is the value of unrealised gains (losses) on liabilities designated as at fair value that are excluded from capital resources. See GENPRU 1.3.9R(1).

119A Defined pension benefit (liability)

This is the value of any defined benefit asset (defined benefit liability), in respect of a defined benefit occupational pension scheme, that has been excluded from capital resources. See GENPRU 1.3.9R(2).

120A Deficit reduction amount if used

This is the value of any deficit reduction amount substituted for a defined benefit liability in respect of a defined benefit occupational pension scheme. See GENPRU 1.3.9R(2)(b). It should be entered as a positive figure.

121A Deferred acquisition costs (deferred income)

This is the value of assets in respect of deferred acquisition costs (DACs) (liabilities in respect of deferred income – DIRs) that have been excluded from capital resources. See GENPRU 1.3.36R(3).

Minority interests

These are included indistinguishably within capital resources.

122A Minority interests included within capital resources

Report here the amount of minority interests included indistinguishably in the components of capital resources. See BIPRU 8.6.8R to BIPRU 8.6.16R.

123A Of which: innovative tier one instruments

Report here the amount of innovative tier one instruments that are included within minority interests (122A) and also within innovative tier one capital in 26A. See BIPRU 8.

Profits

Capital resources calculated above should only include in tier one profits that have been externally verified at the reporting date. This section captures information on profits at the reporting date that have subsequently been verified.

124A Profits not externally verified at the reporting date but subsequently have been

Enter here the amount of profits (for the financial year covered by the reporting date) which were not externally verified at the reporting date but which have subsequently been verified. This amount should not be included within 23A. Also, do not include here any amount already reported in 23A. This data element may be zero if no profits have been verified between the reporting date and the submission date.

125A Total capital after deductions, including externally verified profits

This figure should be a firm's alternative calculation of data element 15B, based on the figure in 124A being included within tier one capital. It will not necessarily be equivalent to 15B plus 124A, because other components of the capital resources calculation may also have been revised following the external verification.

This cell should be zero if data element 124A is zero.

Allocation of deductions between tiers one and two capital

126A Material insurance company holdings excluded from allocation

This is the value of material insurance holdings (included within 49A) that are not allocated to tier one and two capital under GENPRU TP 7.

127A Allocated to tier one capital

Firms should allocate the sum of data elements 49A, 50A and 51A less 126A between tier one capital and tier two capital. See GENPRU 2.2.239R(3) and GENPRU 2.2.239R(4).

128A Allocated to tier two capital

Firms should allocate the sum of data elements 49A, 50A and 51A less 126A between tier one capital and tier two capital. See GENPRU 2.2.239R(3) and GENPRU 2.2.239R(4).

FSA003 definitions Page 24

Firms on IRB/AMA approaches - Section n/a

129A Total capital requirement under pre-CRD rules

This is only relevant for those firms that have adopted the approaches in BIPRU 4 (IRB) or BIPRU 6.5 (AMA) for the calculation of their capital requirements.

Firms should report the total capital requirement calculated under whichever part of IPRU applies under BIPRU TP 1.4R.

130A Total credit risk capital component under pre-CRD rules

This is only relevant for those firms that have adopted the approaches under BIPRU 4 (IRB) for the calculation of their capital requirements.

Firms should report the credit risk capital component under whichever part of IPRU applies under BIPRU TP 1.4R.

131A Expected loss amounts – wholesale, retail and purchased receivables

This is only relevant for firms that have adopted the approaches under BIPRU 4 (IRB) for the calculation of their capital requirements.

This is the amount for exposures to sovereigns, institutions, corporate IRB, specialised lending and retail, and for purchased receivables, that result from the calculations under BIPRU 4.3.6R (1), (2) and (4).

132A Expected loss amounts – equity

This is only relevant for firms that have adopted the approaches under BIPRU 4 (IRB) for the calculation of their capital requirements.

This is the amount for exposures to equities that result from the calculations under BIPRU 4.3.6R (3).

133A Total value adjustments and provisions eligible for the “EL less provisions” calculation under IRB

This is only relevant for firms that have adopted the approaches under BIPRU 4 (IRB) for the calculation of their capital requirements.

This is the sum of value adjustments and provisions related to exposures in BIPRU 4.3.6R (1), (2) and (4) which are eligible for the “EL less provisions” calculation in BIPRU 4.3.8R.

134A Total deductions from tier 1 and tier 2 capital according to pre-CRD rules

This is only relevant for firms that have adopted the approaches under BIPRU 4 (IRB) or BIPRU 6.5 (AMA) for the calculation of their capital requirements.

Firms should report here the deductions calculated under whichever part of IPRU applies under BIPRU TP 1.4R.