

## Chapter 8

# Group risk consolidation

## 8.8 Advanced prudential calculation approaches

### General

**8.8.1** **R** A *firm* must not apply any *advanced prudential calculation approach* for the purposes of this chapter unless it has an *advanced prudential calculation approach permission* and that *advanced prudential calculation approach permission* requires the *firm* to use that *advanced prudential calculation approach* for those purposes.

**8.8.2** **G** ■ BIPRU 1.3 (Applications for advanced approaches) deals with how to apply for an *advanced prudential calculation approach permission*.

### Prohibition on using the rules of an overseas regulator

**8.8.3** **R** Even if a *firm* has an *advanced prudential calculation approach permission* that allows it to use an *advanced prudential calculation approach* for the purposes of this chapter, the *firm* may not use the requirements of another state or territory to the extent they provide for that *advanced prudential calculation approach*. Therefore a *firm* may not use ■ BIPRU 8.7.34 R and ■ BIPRU 8.7.37 R (Use of the capital requirements of another EEA competent authority) if that would involve using an *advanced prudential calculation approach*.

### Special provisions relating to the internal ratings based approach

**8.8.4** **R** The conditions in ■ BIPRU 4.2.26 R (Combined use of methodologies under the IRB approach) apply to a *firm's UK consolidation group* or *non-EEA subgroup* as if that group were a single *undertaking*.

**8.8.5** **R**

**8.8.6** **G**

**8.8.7** **G**

**Special provisions relating to the CCR internal model method**

- 8.8.8 **G** ■ BIPRU 8.7.17 R deals with the combination of the *CCR internal model method* with other approaches to calculating exposure values on a group level.

**Corporate governance arrangement for the IRB approach and the AMA**

- 8.8.9 **G** The governance arrangements that apply to the *governing body*, the senior management and any *designated committee* of a *firm* in relation to the *IRB approach* also apply to the body or *persons* with equivalent powers with respect to the *UK consolidation group* or *non-EEA sub-group*. Where the *parent undertaking* and its *subsidiary undertakings* use rating systems on a unified basis, the approval and reporting process described in ■ BIPRU 4.3.12 G (Approval and reporting arrangements for the *IRB approach* where rating systems are used on a unified group basis) apply for the purpose of this paragraph too.