Chapter 4

Credit risk

4

4.9 Stress tests

Stress tests used in assessment of capital adequacy

4.9.1 G To be satisfied that the credit risk stress test undertaken by a *firm* under article 177(2) of the *EU CRR* is meaningful and considers the effects of severe, but plausible, recession scenarios, the *FCA* would expect the stress test to be based on an economic cycle that is consistent with IFPRU 2.2.73G(1)(b) (see article 177(2) of the *EU CRR*)