

Prudential sourcebook for Investment Firms

IFPRU TP 7

Capital conservation buffer: transitional

Application

- 7.1 R *IFPRU TP 7 applies to an IFPRU investment firm, unless it is an IFPRU limited licence firm or exempt IFPRU commodities firm.*

Purpose

- 7.2 G This section implements article 160 of *CRD* in relation to the *capital conservation buffer*. The amounts of the *capital conservation buffer* in *IFPRU TP 7* apply instead of the amount of the *capital conservation buffer* in *IFPRU 10.2.1 R* (Main requirement) for the duration of the transitional.

Duration of transitional

- 7.3 R *IFPRU TP 7* applies with effect from 1 January 2016 (which is the date that *IFPRU 10.2* (Capital conservation buffer) comes into effect) until 31 December 2018.

Modified main requirement

- 7.4 R This rule modifies *IFPRU 10.2.1 R* (Main requirement) in the following manner:
- (1) from 1 January 2016 until 31 December 2016, the *capital conservation buffer* is the amount of *common equity tier 1 capital* equal to 0.625% of a firm's total risk exposure amount;
 - (2) from 1 January 2017 until 31 December 2017, the *capital conservation buffer* is the amount of *common equity tier 1 capital* equal to 1.25% of a firm's total risk exposure amount;; and
 - (3) from 1 January 2018 until 31 December 2018, the *capital conservation buffer* is the amount of *common equity tier 1 capital* equal to 1.875% of a firm's total risk exposure amount.

