

<b>Question ID</b>	2020_5615
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Own funds
<b>Article</b>	77
<b>Paragraph</b>	-
<b>Subparagraph</b>	-
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Regulation (EU) No 241/2014 - RTS for Own Funds requirements for institutions
<b>Article/Paragraph</b>	28
<b>Date of submission</b>	13/11/2020
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<b>Disclose name of institution / entity</b>	No
<b>Type of submitter</b>	Credit institution
<b>Subject matter</b>	Adding to own funds the unredeemed part of own funds.
<b>Question</b>	When and under what conditions can the unredeemed part of own funds, for the redemption of which an institution had previously obtained a general prior permission from the competent authority in accordance with Article 77 and the second subparagraph of Article 78(1) of Regulation (EU) No 575/2013 (CRR), be included in own funds again?
<b>Background on the question</b>	An institution receives a general prior permission from the competent authority to reduce its own funds. In accordance with Article 28(3) of Regulation (EU) No 241/2014, the predetermined amount for which the competent authority has given its permission has to be deducted from own funds from the moment the authorisation is granted. If the entire previously assumed amount of own funds is not redeemed, when and under what conditions can the unredeemed part of own funds be included in own funds again?
<b>Final answer</b>	Article 28(3) of Delegated Regulation (EU) No 241/2014, RTS on Own Funds and Eligible Liabilities (RTS) establishes that, in the case a general prior permission referred to in the second subparagraph of Article 78(1) of Regulation (EU) No 575/2013 (CRR) has been granted, the predetermined

amount for which the competent authority has given its permission shall be deducted from corresponding elements of the institution's own funds from the moment the authorisation is granted.

In accordance with the second subparagraph of Article 78(1) CRR, the general prior permission shall be granted only for a specified period of time, which shall not exceed one year, after which it may be renewed.

If the institution does not take any of the actions listed in Article 77(1) CRR to reduce the entire predetermined amount of own funds for which the general prior permission has been granted, the unredeemed part of own funds does no longer have to be deducted from the moment this permission expires (that is, once the specified period of time for which the permission had been granted has passed) without the need for a permission to do so.

The deduction for the unredeemed own funds amount shall also cease to be made following the competent authority's withdrawal of the general prior permission for example as a result of an institution breaching any of the criteria provided for the purposes of that permission or based on the institution's request for a withdrawal of the permission.

The same reasoning applies in the context of a prior permission being granted for any action listed in Article 77(2) CRR in accordance with the second subparagraph of Article 78a(1) CRR and Article 32b(3) of the RTS.

*Disclaimer: References to Commission Delegated Regulation (EU) No 241/2014 in all sections of the Q&A except those in the "EBA Answer" section are to that Regulation as it is currently in force. However, in the "EBA Answer" section, references to Delegated Regulation (EU) No 241/2014 are to that Regulation after its forthcoming amendment by the Draft Regulated Technical Standard on Own Funds and Eligible Liabilities (EBA/RTS/2021/05) as adopted by the Commission (C(2022)7138), but which is not yet in force, and this should be considered. The EBA will revise its response, where needed, after these amending technical standards come into force.*

**Link**

[https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2020\\_5615](https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2020_5615)