

# Single Rulebook Q&A

<b>Question ID</b>	2021_5810
<b>Status</b>	Final Q&A
<b>Legal act</b>	Directive 2014/59/EU (BRRD)
<b>Topic</b>	BRRD Reporting
<b>Article</b>	45i
<b>Paragraph</b>	1
<b>Subparagraph</b>	-
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Regulation (EU) 2021/763 - ITS with regard to the supervisory reporting and public disclosure of MREL
<b>Article/Paragraph</b>	Annexes I, II
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<b>Disclose name of institution / entity</b>	No
<b>Type of submitter</b>	Credit institution
<b>Subject matter</b>	CET1 available after meeting the entity's requirements in case of a MPE approach
<b>Question</b>	How should row 0400 ('CET1 (%) available after meeting the entity's requirements') of Template M 02.00 of the ITS on disclosure and reporting on MREL and TLAC be filled in case of resolution groups with a multiple point of entry approach (MPE), where the resolution group is different from the prudential group?
<b>Background on the question</b>	Template M 02.00 (TLAC1) has to be submitted on the level of the resolution group (or on individual level if no group exists). In case of the MPE approach, the resolution group differs from the prudential group. Row 0400 ('CET1 (%) available after meeting the entity's requirements') refers to the MREL requirements to be met at the level of the resolution group and as well to the own funds requirements to be met at the level of the prudential group. Additionally, the ratio to be reported in row 0400 refers to the RWEA of the resolution group. As there are no own funds requirements for the resolution group, we wonder how own funds requirements should be reported here in case of the MPE approach. From our perspective, neither the consideration of the own funds requirements on the level of the prudential group nor any adjustments to consider a fictive own funds

	<p>requirement on the level of the resolution group seems to be reasonable: Consideration of own funds requirements on the level of the prudential group: certainly, it is possible to calculate the amount of CET1 available after meeting each of the requirements referred to in points (a), (b) and (c) of Article 141a(1) CRD. But as these requirements refer to the RWA of the prudential group the calculation of a ratio using the RWA of the resolution group is misleading. Adjustments to the own funds requirements to generate a fictive own funds requirements for the resolution group: even if it is possible - in purely mathematical terms - to calculate the amount of own funds and the risk weighted assets at the level of the resolution group, and to apply the own funds requirements determined for the prudential group, the results do not allow any conclusion to the compliance with or the ratio of overfulfilment of the actual own funds requirements for the prudential group.</p>
<p><b>Final answer</b></p>	<p>For the purposes of determining the 'free CET1' reported in row 0400 of template M 02.00 of Annex I to Regulation (EU) 2021/763 (ITS on disclosures and reporting on MREL and TLAC), resolution groups whose scope of consolidation differs from the scope of consolidation of the prudential group should apply the following principles:</p> <p>1) The amount of CET1, T1 and own funds considered should be the amount eligible to comply with the MREL (c0010) or TLAC requirement (c0020), as applicable. These amounts are reported in rows 0020 to 0050 of template M 02.00 already.</p> <p>2) The RWEA should be the RWEA that are the basis for monitoring the compliance with the MREL or TLAC requirement, as reported in row 0100 of template M 01.00 of Annex I to the ITS.</p> <p>3) As regards the prudential Pillar 1 and Pillar 2 requirements to be met by the resolution group whose scope of consolidation differs from that of the prudential group (such as resolution groups under a MPE strategy), reporting entities should consider the three TSCR target ratios reported in template C 03.00 of Annex I to Regulation (EU) 2021/451 (ITS on Supervisory Reporting),</p> <ul style="list-style-type: none"> <li>• imposed at the level of the prudential group headed by the resolution entity, if any P1 or P2 requirements are set at this level,</li> <li>• imposed at the level of the prudential group headed by the entity that is a direct or the closest indirect parent of the resolution entity, otherwise.</li> </ul> <p>The same principles shall be followed for determining the 'free CET1' that has to be disclosed in row 27 of template EU TLAC1 of Annex VI to the ITS on disclosures and reporting on MREL and TLAC.</p>
<p><b>Link</b></p>	<p><a href="https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2021_5810">https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2021_5810</a></p>

