Single Rulebook Q&A

Question ID	2013_16
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Own funds
Article	484
Paragraph	-
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Not applicable
Article/Paragraph	N/A
Date of submission	03/07/2013
Disclose name of institution / entity	No
Type of submitter	Competent authority
Subject matter	Grandfathering of own funds instruments
Question	Would a contractual change of a capital instrument terms and conditions (T&C) issued before December 31, 2011 allow a bank to keep the instrument in the own funds within the limits provided for in Articles 484 and 486 (grandfathering eligibility and limits of capital instruments that are not State aid) if the amendments to the T&C would not make the instrument entirely compliant with the provisions of Regulation (EU) No 575/2013 but are limited to remove the contractual conditions that would determine the disqualification of the instrument during the grandfathering period (e.g.: deletion from the T&C of a Tier 2 capital instrument of the call option and of the incentive to redeem clause)?

Background on the question	Not given
EBA answer	A material change in the terms and conditions of a pre-existing instrument shall be considered in the same way as the issuance of a new instrument, meaning that the changes shall aim at ensuring a full eligibility under the provisions of Regulation (EU) No 575/2013 but shall not aim at allowing a grandfathering of the instrument. This reasoning holds true for all types of capital instruments.
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_16

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