

Question ID	2013_17
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Own funds
Article	486
Paragraph	-
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Not applicable
Article/Paragraph	N/A
Date of submission	03/07/2013
Published as Final Q&A	31/10/2013
Disclose name of institution / entity	No
Type of submitter	Competent authority
Subject matter	Grandfathering of own funds instruments
Question	Where an Additional Tier 1 (AT1) instrument qualified as original own funds according to Article 154(9) of Directive 2006/48/EC with the excess amount considered as part of the additional own funds, will the excess amount be included in the base used to calculate the cap for AT1 items during the transitional period under Regulation (EU) No 575/2013 (CRR)?
Background on the question	Not given
EBA answer	<p>Under Article 484 (4) of Regulation (EU) No. 575/2013 (CRR), instruments qualifying as original own funds under Article 57(ca) and Article 154(8) and (9) of Directive 2006/48/EC shall qualify as Additional Tier 1 items subject to the limits set in Article 486(3) of CRR.</p> <p>On the basis of Articles 486 (3)(c) and (d) of CRR, the amounts of instruments exceeding the limits specified in the national transposition measures for point (a) of Article 66(1) and Article 66(1a) of Directive 2006/48/EC, as well as the related share premiums cannot be included for the calculation of the limit for the grandfathering of instruments in AT1 (the</p>

	<p>base used to calculate the cap).</p> <p>However, if such an excess amount was included in additional own funds under Directive 2006/48/EC, it can qualify as grandfathered Tier 2 items if it complies with Article 484 (5). It can also be included for the calculation of the limit for the grandfathering of instruments in Tier 2 according to articles 486(4) of CRR and provided the conditions in particular under Article 486(4)(e) are met.</p>
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_17

European Banking Authority, 21/01/2022
www.eba.europa.eu