



**Single
Rulebook
Q&A**

Question ID	2013_18
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Own funds
Article	484
Paragraph	1
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	<p>May capital instruments be adjusted stepwise with the unadjusted part still being eligible for grandfathering? Take the following example: - An institution has issued a hybrid Tier 1 instrument that does not meet the requirements of Article 52 but is eligible for grandfathering; - starting in 2013, the bank adjusts in each year the terms and conditions of 10% of the nominal amount in order to make it fully eligible as Additional Tier 1 (AT1) under Regulation (EU) No 575/2013; - the terms and conditions of the remaining nominal amount of the capital instrument are kept unchanged. May the institution recognize the remaining part of the capital instrument as AT 1 under the grandfathering rules of the Regulation (EU) No 575/2013</p>

	given that only the nominal amount but not the terms and conditions of this remaining part are adjusted or does the change of the nominal amount also constitute a change of the whole contract, making the whole instrument no longer eligible for grandfathering since the new contract is concluded after the cut-off date mentioned in Article 484 (1)?
Background on the question	Not given
EBA answer	The change in the nominal amount would be considered as the issuance of a new instrument. In the specific case above, the instrument would be disqualified after the change in the nominal amount since the new contract is concluded after the cut-off date mentioned in Article 484 (1) and the instrument does not meet the requirements of Article 52 of Regulation (EU) No 575/2013.
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_18

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