Single Rulebook Q&A

Question ID	2013_52
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	09/07/2013
Published as Final Q&A	15/11/2013
Disclose name of institution / entity	No
Type of submitter	Investment firm
Subject matter	Grandfathering of Non-Step Tier 1 instruments
Question	A Tier 1 instrument, with no incentive to redeem, was issued prior to 31 December 2011, and, at the time of issue, was not callable for 5 years. It reaches its first call date in May 2014, and is callable quarterly thereafter. It is not called at its first call date. It does not meet all of the requirements as T1 capital under Article 52. Subject to grandfathering limits, does the instrument continue to count as Tier 1 capital? If it does not count toward Tier 1, would it count as Tier 2?
Background on the question	The basis for the question stems from the answer to question 2013_15. If the same instrument, outlined in the hypothetical case noted above, had a singular incentive to redeem in May 2014, but was not called, it would be precluded from counting toward Tier 1 or T2 capital because of the quarterly call features after the step date. Why would the non-step instrument be treated any differently given that it too would not meet the 5 year non-call requirement under Article 52?
Final answer	See QA 2013 15 and QA 2013 31.
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_52

European Banking Authority, 08/02/2023
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