Single Rulebook Q&A

Question ID	2013_60
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Own funds
Article	486
Paragraph	3
Subparagraph	c
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Not applicable
Article/Paragraph	N/A
Date of submission	12/07/2013
Published as Final Q&A	29/11/2013
Disclose name of institution / entity	No
Type of submitter	Accounting firm
Subject matter	Grandfathering
Question	Article 486(3)(c) of Regulation (EU) No 575/2013 (CRR) states: “the amount of instruments referred to in Article 484(4) which on 31 December 2012 exceeded the limits specified in the national transposition measures for point (a) of Article 66(1) and Article 66(1a) of Directive 2006/48/EC;..” is to be deducted from the amount eligible for inclusion.” This same rule is also applied for Tier 1 grandfathering under CRR. This in effect preserves the current Tier 2 restrictions. Because that amount is at an aggregate level i.e. not by instrument, how then are the individual instruments to be treated under CRR? Each instrument may have different terms including maturity and so how should aggregated restricted amount be spread across instruments?
Background on the question	It poses a problem to our CRR planning models.
EBA answer	Articles 483 to 491 of Regulation (EU) No. 575/2013 provide for grandfathering of capital instruments. This grandfathering is based on amounts of grandfathered items assigned to the three capital tiers. While individual instruments may be eligible for grandfathering treatment, it is the

	amount of several instruments that is grandfathered, not the individual instrument itself. Hence the grandfathering rules do not determine or prescribe which instrument is exceeding any grandfathering limits if applicable.
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_60

European Banking Authority, 25/01/2022
www.eba.europa.eu