

Question ID	2013_61
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Own funds
Article	490
Paragraph	-
Subparagraph	-
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	24/01/2014
Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	Grandfathering of own funds instruments
Question	Based on the answer to question 2013_16, if a step-up Tier 2 bond's terms were changed so that all call options were removed - before the entry in force of the Regulation (EU) No 575/2013 (CRR) - could it be considered as fully eligible in Tier 2 capital assuming that the capital instrument meets the other conditions laid down in Article 63 of the Regulation?
Background on the question	See question.
Final answer	Q&A 16 states that where there is a material change in the terms and conditions of a pre-existing instrument, the instrument shall be considered in the same way as the issuance of a new instrument. Further, if all call options are removed then the instrument will no longer include a call with an incentive to redeem, and therefore Article 490 of Regulation (EU) No 575/2013 (CRR) does not apply. Therefore, provided that the instrument meets the requirements laid down in Article 63 of the CRR, it shall be considered fully eligible Tier 2 capital.
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_61

