

<b>Question ID</b>	2013_61
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Own funds
<b>Article</b>	490
<b>Paragraph</b>	-
<b>Subparagraph</b>	-
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Not applicable
<b>Article/Paragraph</b>	N/A
<b>Date of submission</b>	12/07/2013
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<b>Disclose name of institution / entity</b>	No
<b>Type of submitter</b>	Credit institution
<b>Subject matter</b>	Grandfathering of own funds instruments
<b>Question</b>	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?
<b>Background on the question</b>	See question.
<b>EBA answer</b>	<a href="#">Q&amp;A 16</a> 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.
<b>Link</b>	<a href="https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_61">https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_61</a>

