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Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Liquidity risk
Article	8, 11, 18
Paragraph	1
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Not applicable
Article/Paragraph	not applicable
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Disclose name of institution / entity	Yes
Name of institution / submitter	Austrian Federal Economic Chamber, Division Bank and Insurance
Country of incorporation / residence	Austria
Type of submitter	Industry association
Subject matter	Methods for prudential consolidation
Question	<p>What is the meaning of the last sentence of Article 18(4) of Regulation (EU) No 575/2013 (CRR)? Does it mean that the method of prudential consolidation (paragraphs 2 3 to 8 6 and 9) is not available for institutions that have to apply Part Six on the basis of their consolidated situation?</p> <p>When do institutions have to apply Part Six on the basis of their consolidated situation - is this only according to Article 11 of CRR or also in case of application for a liquidity sub-group according to Article 8(1)(a) of CRR?</p>
Background on the question	<p>Legal certainty and level playing field; Parent institutions in a Member State (which are not EU parent institutions) are not obliged to apply Part Six on the basis of their consolidated situation (unless the competent authority so requires according to Article 11(5) CRR). They may, however, apply for a liquidity sub-group according to Article 8(1) (a) CRR.</p>

<p>Final answer</p>	<p>Paragraphs 2 3 to 8 6 and 9 of Article 18 of Regulation (EU) No. 575/2013 (CRR) describe alternatives to full consolidation. These alternatives do not apply where Part Six applies, i.e. to consolidation of the liquidity coverage requirement, liquidity reporting, and reporting on stable funding and net stable funding ratio. This means that for liquidity reporting on a consolidated basis, only full consolidation is permitted.</p> <p>EU parent institutions , institutions controlled by an EU parent financial holding company and institutions controlled by an EU parent mixed financial holding company shall comply with Part Six on the basis of their consolidated situation of that parent institution, financial holding company or mixed financial holding company provided that they fulfil the conditions mentioned in as per Article 11(3) (4) of the CRR.</p> <p><u>Article 11(4) of the CRR establishes that</u> where, in accordance with Article 8(1) to (5) of the CRR, a competent authority waives the application of liquidity requirements to an institution and to all or some of its subsidiaries, and instead supervises them as single liquidity subgroup, the liquidity subgroup in question shall comply with Part Six on the consolidated basis of that subgroup.</p>
<p>Link</p>	<p>https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_483</p>

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