

<b>Question ID</b>	2013_696
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Own funds
<b>Article</b>	486, 487, 488
<b>Paragraph</b>	-
<b>Subparagraph</b>	-
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Not applicable
<b>Article/Paragraph</b>	NA
<b>Date of submission</b>	27/12/2013
<b>Published as Final Q&amp;A</b>	23/05/2014
<b>Disclose name of institution / entity</b>	No
<b>Type of submitter</b>	Credit institution
<b>Subject matter</b>	Grandfathering
<b>Question</b>	Linked to 2013_47, prior to the first call date, can the amount of a step up Tier 1 in excess of the Tier 1 grandfathering limit work in the Tier 2 grandfathering limit (if there is space) as is permitted for non-step Tier 1 instruments?
<b>Background on the question</b>	Clarification of 2013_47
<b>Final answer</b>	Yes, the excess over the Tier 1 grandfathering limit could still be eligible as grandfathered Tier 2, subject to the applicable limit but only until the date of effective maturity of the instrument. Tier 1 instruments with an incentive to redeem and call date in the future are grandfathered under either Article 489(3) or (5) of Regulation (EU) No. 575/2013 (CRR), depending on whether the instrument will fully meet the conditions of Article 52 after its effective maturity date. Under both Article 489(3) and (5) of the CRR, recognition of the instrument in AT1 is reduced in accordance with Article 484(4) from the limit specified in Article 486(3) until the date of its effective maturity. All instruments eligible for the provisions of Article 484(4) of the CRR, including those with an incentive to redeem, are also eligible for the application of

	Article 487(2) until the date of the instrument's effective maturity.
<b>Link</b>	<a href="https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_696">https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_696</a>

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