

Single Rulebook Q&A

Question ID	2014_1105
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Own funds
Article	98
Paragraph	-
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Not applicable
Article/Paragraph	NA
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Disclose name of institution / entity	No
Type of submitter	Consultancy firm
Subject matter	Groups including an investment firm referred to in Article 95(1) of the CRR controlled by a financial holding company or mixed financial holding company
Question	How shall the own funds requirements be calculated for a group including an investment firm referred to in Article 95(1) controlled by a financial holding company or mixed financial holding company (and no credit institutions)?
Background on the question	Article 98(1) of Regulation (EU) No. 575/2013 sets out provisions for calculating own funds requirements for groups including investment firms referred to in Article 95(1) (and no credit institutions). It doesn't set out provisions for how the own funds requirements shall be calculated for a group consisting of a 95(1) investment firm controlled by a financial holding company or mixed financial holding company, but merely how this is done for a group with a 95(1) parent investment firm. This contradicts what is written in point (b) of Article 98(1) where the own funds shall be calculated on the basis of the consolidated situation of the parent investment firm or that of the financial holding company or mixed financial holding company, as applicable.
Final answer	While it is the case that the introductory sentence of Article 98(1) of

	<p>Regulation (EU) No. 575/2013 (CRR) only refers to a parent investment firm, it is also true that point (b) of the same paragraph contains clear references to a financial holding company and a mixed financial holding company. In view of this, it can be concluded that Article 98(1) of the CRR is also applicable to situations where the parent company is a financial holding company or a mixed financial holding company.</p> <p><u>DISCLAIMER:</u></p> <p>This question goes beyond matters of consistent and effective application of the regulatory framework. A Directorate General of the Commission (Directorate General for Internal Market and Services) has prepared the answer, albeit that only the Court of Justice of the European Union can provide definitive interpretations of EU legislation. This is an unofficial opinion of that Directorate General, which the European Banking Authority publishes on its behalf. The answers are not binding on the European Commission as an institution. You should be aware that the European Commission could adopt a position different from the one expressed in such Q&As, for instance in infringement proceedings or after a detailed examination of a specific case or on the basis of any new legal or factual elements that may have been brought to its attention.</p>
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