

Single Rulebook Q&A

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Status	Final Q&A
Legal act	Directive 2014/59/EU (BRRD)
Topic	Intra-group financial support
Article	25
Paragraph	1, 6
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Not applicable
Article/Paragraph	n.a.
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Disclose name of institution / entity	No
Type of submitter	Competent authority
Subject matter	Notification requirements in the context of financial support
Question	What does is the scope of the obligations imposed by Articles 25 (1) and 25 (6) of Directive 2014/59/EU (BRRD)?
Background on the question	Article 25 (1) of Directive 2014/59/EU (BRRD) requires the management body of any entity that intends to provide financial support to notify its competent authority, and, where applicable, the consolidating supervisor, the competent authority of the group entity receiving the financial support and the EBA. Article 25 (6) of Directive 2014/59/EU (BRRD) only requires the management body of “institutions” to transmit the actual decision to provide financial support. What does the Commission think is the scope of the obligations imposed by Article 25 (1) and by Article 25(6)?
Final answer	Pursuant to Article 19(1) BRRD, an Intra Group Financial Support (IGFS) agreement within the meaning of Directive 2014/59/EU (BRRD) may provide for financial support to any entity that meets the conditions for early intervention pursuant to Article 27 BRRD. The same provision foresees that the group entity providing support may be a parent institution in a Member State, a Union parent institution, or an entity referred to in points(c) or (d) of Article 1(1) BRRD and its subsidiaries in other Member States or third

countries that are institutions or financial institutions covered by the consolidated supervision of the parent undertaking". The "subsidiaries" mentioned in Article 19(1) BRRD may also be those of "a parent institution in a Member State" and "a Union parent institution". This broad understanding of "subsidiary" is also supported by Article 19(5)(a) BRRD.

Under Article 19(1) BRRD, the subsidiaries providing financial support need to be institutions or financial institutions covered by the consolidated supervision of the parent undertaking.

Therefore, the reference to Article 25(6) BRRD to 'institution' should be read in the context of the scope of Chapter III of Title II of BRRD as:

- a parent institution in a Member State, or,
- a Union parent institution, or,
- an entity referred to in point (c) or (d) of Article 1(1), or
- a subsidiary of any of the aforementioned parent undertakings that is an institution or a financial institution covered by the consolidated supervision of the parent undertaking.

Disclaimer:

The answers clarify provisions already contained in the applicable legislation. They do not extend in any way the rights and obligations deriving from such legislation nor do they introduce any additional requirements for the concerned operators and competent authorities. The answers are merely intended to assist natural or legal persons, including competent authorities and Union institutions and bodies in clarifying the application or implementation of the relevant legal provisions. Only the Court of Justice of the European Union is competent to authoritatively interpret Union law. The views expressed in the internal Commission Decision cannot prejudice the position that the European Commission might take before the Union and national courts.

Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2015_2515
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