Single Rulebook Q&A

Question ID	2013_28
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Own funds
Article	484, 486
Paragraph	-
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	Credit institution
Subject matter	Grandfathering of capital instruments
Question	This question concerns two types of non-innovative Hybrid Tier 1 instruments (both issued before 31 December 2011): -- Type A: securities with first call date occurred in year 5, and before 31 December 2012; -- Type B: securities with first call date occurred in year 5, and after 31 December 2012. Questions: 1. For both A and B, is it correct to follow Article 484(4) & Article 486(3) for grandfathering guidelines? 2. For both A and B, is it correct to assume that the amount in excess of the applicable Tier 1 grandfathering percentage limit will be treated as grandfathered Tier 2 capital, i.e. being subject to the Tier 2 cap, as per Article 487(2)? 3.

	Alternatively, for both A and B, can the amount in excess of the applicable Tier 1 grandfathering percentage limit be treated as Tier 2 in full from 1 January 2014? Since they are meeting all the criteria for Tier 2 capital under Regulation (EU) No. 575/2013, as per Article 63 post the call date?
Background on the question	Many issuers have non-step Tier 1 outstanding.
EBA answer	See QA 2013 31.
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_28

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