

Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Text with EEA relevance)

PART TWO

OWN FUNDS

TITLE III

QUALIFYING HOLDINGS OUTSIDE THE FINANCIAL SECTOR

Article 89

Risk weighting and prohibition of qualifying holdings outside the financial sector

1 A qualifying holding, the amount of which exceeds 15 % of the eligible capital of the institution, in an undertaking which is not one of the following shall be subject to the provisions laid down in paragraph 3:

- a a financial sector entity;
- b an undertaking, that is not a financial sector entity, carrying on activities which the competent authority considers to be any of the following:
 - (i) a direct extension of banking;
 - (ii) ancillary to banking;
 - (iii) leasing, factoring, the management of unit trusts, the management of data processing services or any other similar activity.

2 The total amount of the qualifying holdings of an institution in undertakings other than those referred to in points (a) and (b) of paragraph 1 that exceeds 60 % of its eligible capital shall be subject to the provisions laid down in paragraph 3.

3 Competent authorities shall apply the requirements laid down in point (a) or (b) to qualifying holdings of institutions referred to in paragraphs 1 and 2:

- a for the purpose of calculating the capital requirement in accordance with Part Three, institutions shall apply a risk weight of 1 250 % to the greater of the following:
 - (i) the amount of qualifying holdings referred to in paragraph 1 in excess of 15 % of eligible capital;
 - (ii) the total amount of qualifying holdings referred to in paragraph 2 that exceed 60 % of the eligible capital of the institution;
- b the competent authorities shall prohibit institutions from having qualifying holdings referred to in paragraphs 1 and 2 the amount of which exceeds the percentages of eligible capital laid down in those paragraphs.

Competent authorities shall publish their choice of (a) or (b).

Status: This is the original version (as it was originally adopted).

4 For the purposes of point (b) of paragraph 1, EBA shall issue guidelines specifying the following concepts:

- a activities that are a direct extension of banking;
- b activities ancillary to banking;
- c similar activities.

Those guidelines shall be adopted in accordance with Article 16 of Regulation (EU) No 1093/2010.