

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)

[^{X1}PART ONE

GENERAL PROVISIONS

TITLE II

LEVEL OF APPLICATION OF REQUIREMENTS

CHAPTER 2

Prudential consolidation

[^{X1}Section 1

Application of requirements on a consolidated basis

Article 11

General treatment

[^{F1} [^{F2}UK parent institutions] shall comply, to the extent and in the manner set out in Article 18, with the obligations laid down in Parts Two, Three, Four, Seven and Seven A on the basis of their consolidated situation, with the exception of point (d) of Article 430(1). The parent undertakings and their subsidiaries that are subject to this Regulation shall set up a proper organisational structure and appropriate internal control mechanisms in order to ensure that the data required for consolidation are duly processed and forwarded. In particular, they shall ensure that subsidiaries not subject to this Regulation implement arrangements, processes and mechanisms to ensure proper consolidation.

2 For the purpose of ensuring that the requirements of this Regulation are applied on a consolidated basis, the terms ‘ institution ’, [^{F3}‘UK parent institution’] and ‘ parent undertaking ’, as the case may be, shall also refer to:

- a a financial holding company or mixed financial holding company approved in accordance with Article 21a of Directive 2013/36/EU [^{F4}UK law];
- b a designated institution controlled by a parent financial holding company or parent mixed financial holding company where such a parent is not subject to approval in accordance with Article 21a(4) of Directive 2013/36/EU [^{F4}UK law];
- c a financial holding company, mixed financial holding company or institution designated in accordance with point (d) of Article 21a(6) of Directive 2013/36/EU [^{F4}UK law].

The consolidated situation of an undertaking referred to in point (b) of the first subparagraph of this paragraph shall be the consolidated situation of the parent financial

Status: Point in time view as at 31/12/2020.

Changes to legislation: Regulation (EU) No 575/2013 of the European Parliament and of the Council, Section 1 is up to date with all changes known to be in force on or before 25 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

holding company or the parent mixed financial holding company that is not subject to approval in accordance with Article 21a(4) of Directive 2013/36/EU [F4UK law]. The consolidated situation of an undertaking referred to in point (c) of the first subparagraph of this paragraph shall be the consolidated situation of its parent financial holding company or parent mixed financial holding company.]

F53

[F63a By way of derogation from paragraph 1 of this Article, only parent institutions identified as resolution entities that are G-SIIs, part of a G-SII or part of a [F7non-UK G-SII] shall comply with Article 92a of this Regulation on a consolidated basis, to the extent and in the manner set out in Article 18 of this Regulation.

Only [F8UK parent undertakings] that are a material subsidiary of a [F7non-UK G-SII] and are not resolution entities shall comply with Article 92b of this Regulation on a consolidated basis to the extent and in the manner set out in Article 18 of this Regulation. F9 ...]

[F14 [F10UK parent institutions] shall comply with Part Six and point (d) of Article 430(1) of this Regulation on the basis of their consolidated situation where the group comprises one or more credit institutions or investment firms that are authorised to provide the investment services and activities listed in [F11paragraphs 3 and 6 of Part 3 of Schedule 2 to the Regulated Activities Order]. [F12Where the group comprises only investment firms, the competent authority] may exempt the [F10UK parent institutions] from compliance with Part Six and point (d) of Article 430(1) of this Regulation on a consolidated basis, taking into account the nature, scale and complexity of the investment firm's activities.

Where a waiver has been granted under Article 8(1) to (5), the institutions and, where applicable, the financial holding companies or mixed financial holding companies that are part of a liquidity sub-group shall comply with Part Six and point (d) of Article 430(1) on a consolidated basis or on the sub-consolidated basis of the liquidity sub-group.

F13 5

6 [F14In addition to the requirements of paragraphs 1 to 3, the competent authority may require an institution to comply with the obligations mentioned in the third sub-paragraph on a sub-consolidated basis when—

- a it is justified for supervisory purposes by the specificities of the risk or the capital structure of the institution, or
- b the institution is a ring-fenced body within the meaning of section 142A(1) of FSMA.]

The application of the approach set out in the first subparagraph shall be without prejudice to effective supervision on a consolidated basis. F15... [F16The obligations mentioned in this sub-paragraph are those provided for in—

- a Parts 2, 3, 4, 6, 7, 7A and 8 of this Regulation;
- b [Directive 2013/36/EU](#) UK law which implemented Title 7, Chapter 4 of [Directive 2013/36/EU](#).]]

Textual Amendments

- F1** Substituted by [Regulation \(EU\) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation \(EU\) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk,](#)

Status: Point in time view as at 31/12/2020.

Changes to legislation: Regulation (EU) No 575/2013 of the European Parliament and of the Council, Section 1 is up to date with all changes known to be in force on or before 25 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (Text with EEA relevance).
- F2** Words in Art. 11(1) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(a)**
- F3** Words in Art. 11(2) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(b)(i)**
- F4** Words in Art. 11(2) inserted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(b)(ii)**
- F5** Deleted by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (Text with EEA relevance).
- F6** Inserted by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (Text with EEA relevance).
- F7** Words in Art. 11(3a) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(c)(i)**
- F8** Words in Art. 11(3a) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(c)(ii)**
- F9** Words in Art. 11(3a) omitted (31.12.2020) by virtue of The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(c)(iii)**
- F10** Words in Art. 11(4) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(d)(i)**
- F11** Words in Art. 11(4) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(d)(ii)**
- F12** Words in Art. 11(4) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(d)(iii)**
- F13** Art. 11(5) omitted (31.12.2020) by virtue of The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(e)**
- F14** Words in Art. 11(6) substituted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(f)(i)**
- F15** Words in Art. 11(6) omitted (31.12.2020) by virtue of The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(f)(ii)**
- F16** Words in Art. 11(6) inserted (31.12.2020) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), regs. 1(3), **74(2)(f)(iii)**

^{F5}Article 12

**[^{F5}Financial holding company or mixed financial holding company with
both a subsidiary credit institution and a subsidiary investment firm]**

.....

Status: Point in time view as at 31/12/2020.

Changes to legislation: Regulation (EU) No 575/2013 of the European Parliament and of the Council, Section 1 is up to date with all changes known to be in force on or before 25 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

- F5** Deleted by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (Text with EEA relevance).

[^{F6} Article 12a

Consolidated calculation for G-SIIs with multiple resolution entities

Where at least two G-SII entities belonging to the same G-SII are resolution entities, the [^{F17}UK parent institution] of that G-SII shall calculate the amount of own funds and eligible liabilities referred to in point (a) of Article 92a(1) of this Regulation. That calculation shall be undertaken on the basis of the consolidated situation of the [^{F17}UK parent institution] as if it were the only resolution entity of the G-SII.

^{F18} ...]

Textual Amendments

- F6** Inserted by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (Text with EEA relevance).
- F17** Words in Art. 12a substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **15(2)**; 2020 c. 1, Sch. 5 para. 1(1)
- F18** Words in Art. 12a omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **15(3)**; 2020 c. 1, **Sch. 5 para. 1(1)**

[^{F1} Article 13

Application of disclosure requirements on a consolidated basis

1 [^{F19}UK parent institutions] shall comply with Part Eight on the basis of their consolidated situation.

Large subsidiaries of [^{F19}UK parent institutions] shall disclose the information specified in Articles 437, 438, 440, 442, 450, 451, 451a and 453 on an individual basis or, where applicable in accordance with this Regulation and [^{F20}Directive 2013/36/EU UK law], on a sub-consolidated basis.

2 Institutions identified as resolution entities that are G-SIIs or that are part of a G-SII shall comply with Article 437a and point (h) of Article 447 on the basis of the consolidated situation of their resolution group.

3 The first subparagraph of paragraph 1 shall not apply to [^{F19}UK parent institutions], [^{F21}UK parent financial holding companies], [^{F22}UK parent mixed financial holding companies]

Status: Point in time view as at 31/12/2020.

Changes to legislation: Regulation (EU) No 575/2013 of the European Parliament and of the Council, Section 1 is up to date with all changes known to be in force on or before 25 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

or resolution entities where they are included in equivalent disclosures on a consolidated basis provided by a parent undertaking established in a third country.

The second subparagraph of paragraph 1 shall apply to subsidiaries of parent undertakings established in a third country where those subsidiaries qualify as large subsidiaries.

F²³ 4

Textual Amendments

- F1** Substituted by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (Text with EEA relevance).
- F19** Words in Art. 13 substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **16(2)**; 2020 c. 1, Sch. 5 para. 1(1)
- F20** Words in Art. 13(1) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **16(3)**; 2020 c. 1, Sch. 5 para. 1(1)
- F21** Words in Art. 13(3) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **16(4)(a)**; 2020 c. 1, Sch. 5 para. 1(1)
- F22** Words in Art. 13(3) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **16(4)(b)**; 2020 c. 1, Sch. 5 para. 1(1)
- F23** Art. 13(4) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1232), regs. 1(3), **16(5)**; 2020 c. 1, Sch. 5 para. 1(1)

Article 14

Application of requirements of Article 5 of Regulation (EU) 2017/2402 on a consolidated basis

1 Parent undertakings and their subsidiaries that are subject to this Regulation shall be required to meet the obligations laid down in Article 5 of Regulation (EU) 2017/2402 on a consolidated or sub-consolidated basis, to ensure that their arrangements, processes and mechanisms required by those provisions are consistent and well-integrated and that any data and information relevant to the purpose of supervision can be produced. In particular, they shall ensure that subsidiaries that are not subject to this Regulation implement arrangements, processes and mechanisms to ensure compliance with those provisions.

2 Institutions shall apply an additional risk weight in accordance with Article 270a of this Regulation when applying Article 92 of this Regulation on a consolidated or sub-consolidated basis if the requirements laid down in Article 5 of Regulation (EU) 2017/2402 are breached at the level of an entity established in a third country included in the consolidation in accordance with Article 18 of this Regulation if the breach is material in relation to the overall risk profile of the group.]

Textual Amendments

- F1** Substituted by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk,

Status: Point in time view as at 31/12/2020.

Changes to legislation: Regulation (EU) No 575/2013 of the European Parliament and of the Council, Section 1 is up to date with all changes known to be in force on or before 25 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (Text with EEA relevance).

Article 15

Derogation from the application of own funds requirements on a consolidated basis for groups of investment firms

1 The consolidating supervisor may waive, on a case-by-case basis, the application of Part Three of this Regulation and [F²⁴Directive 2013/36/EU UK law which implemented] Title VII, Chapter 4 of Directive 2013/36/EU on a consolidated basis provided that the following conditions exist:

- a each [F²⁵investment firm authorised in the United Kingdom] in the group uses the alternative calculation of total risk exposure amount referred to in Article 95(2) or 96(2);
- b all investment firms in the group fall within the categories in Article 95(1) or 96(1);
- c each [F²⁵investment firm authorised in the United Kingdom] in the group meets the requirements imposed in Article 95 or 96 on an individual basis and at the same time deducts from its Common Equity Tier 1 items any contingent liability in favour of investment firms, financial institutions, asset management companies and ancillary services undertakings, which would otherwise be consolidated;
- d any financial holding company which is the [F²⁶UK parent financial holding company] of any investment firm in the group holds at least enough capital, defined here as the sum of the items referred to in Articles 26(1), 51(1) and 62(1), to cover the sum of the following:
 - (i) the sum of the full book value of any holdings, subordinated claims and instruments referred to in Article 36(1)(h) and (i), Article 56(1)(c) and (d), and Article 66(1)(c) and (d) in investment firms, financial institutions, asset management companies and ancillary services undertakings which would otherwise be consolidated; and
 - (ii) the total amount of any contingent liability in favour of investment firms, financial institutions, asset management companies and ancillary services undertakings which would otherwise be consolidated;
- e the group does not include credit institutions.

Where the criteria in the first subparagraph are met, each [F²⁵investment firm authorised in the United Kingdom] shall have in place systems to monitor and control the sources of capital and funding of all financial holding companies, investment firms, financial institutions, asset management companies and ancillary services undertakings within the group.

2 The competent authorities may also apply the waiver if the financial holding companies holds a lower amount of own funds than the amount calculated under paragraph 1(d), but no lower than the sum of the own funds requirements imposed on an individual basis to investment firms, financial institutions, asset management companies and ancillary services undertakings which would otherwise be consolidated and the total amount of any contingent liability in favour of investment firms, financial institutions, asset management companies and ancillary services undertakings which would otherwise be consolidated. For the purposes of this paragraph, the own funds requirement for investment undertakings of third countries, financial institutions, asset management companies and ancillary services undertakings is a notional own funds requirement.

Status: Point in time view as at 31/12/2020.

Changes to legislation: Regulation (EU) No 575/2013 of the European Parliament and of the Council, Section 1 is up to date with all changes known to be in force on or before 25 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

- F24** Words in Art. 15(1) inserted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **75(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F25** Words in Art. 15(1) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **75(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F26** Words in Art. 15(1)(d) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **75(c)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Article 16

Derogation from the application of the leverage ratio requirements on a consolidated basis for groups of investment firms

Where all entities in a group of investment firms, including the parent entity, are investment firms that are exempt from the application of the requirements laid down in Part Seven on an individual basis in accordance with Article 6(5), the parent investment firm may choose not to apply the requirements laid down in Part Seven on a consolidated basis.

Article 17

Supervision of investment firms waived from the application of own funds requirements on a consolidated basis

1 Investment firms in a group which has been granted the waiver provided for in Article 15 shall notify the competent authorities of the risks which could undermine their financial positions, including those associated with the composition and sources of their own funds, internal capital and funding.

2 Where [^{F27}the competent authority waives] the obligation of supervision on a consolidated basis as provided for in Article 15, they shall take other appropriate measures to monitor the risks, in particular large exposures, of the whole group, including any undertakings not located in [^{F28}the United Kingdom].

3 Where [^{F29}the competent authority waives] the application of own funds requirements on a consolidated basis as provided for in Article 15, the requirements of Part Eight shall apply on an individual basis.]

Textual Amendments

- F27** Words in Art. 17(2) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **76(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F28** Words in Art. 17(2) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **76(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Status: Point in time view as at 31/12/2020.

Changes to legislation: Regulation (EU) No 575/2013 of the European Parliament and of the Council, Section 1 is up to date with all changes known to be in force on or before 25 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

F29 Words in Art. 17(3) substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **76(a)** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Editorial Information

X1 Substituted by [Corrigendum to 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 \(OJ L 176, 27.6.2013, p. 1\)](#).

Status:

Point in time view as at 31/12/2020.

Changes to legislation:

Regulation (EU) No 575/2013 of the European Parliament and of the Council, Section 1 is up to date with all changes known to be in force on or before 25 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.