

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)

[<sup>X1</sup>PART ONE

**GENERAL PROVISIONS**

TITLE II

**LEVEL OF APPLICATION OF REQUIREMENTS**

CHAPTER 2

**Prudential consolidation**

[<sup>X1</sup>Section 3

**Scope of prudential consolidation**

*Article 19*

**Entities excluded from the scope of prudential consolidation**

1 An institution, a financial institution or an ancillary services undertaking which is a subsidiary or an undertaking in which a participation is held, need not be included in the consolidation where the total amount of assets and off-balance sheet items of the undertaking concerned is less than the smaller of the following two amounts:

- a EUR 10 million;
- b 1 % of the total amount of assets and off-balance sheet items of the parent undertaking or the undertaking that holds the participation.

2 [<sup>F1</sup>The consolidating supervisor] may on a case-by-case basis decide in the following cases that an institution, financial institution or ancillary services undertaking which is a subsidiary or in which a participation is held need not be included in the consolidation:

- a where the undertaking concerned is situated in a third country where there are legal impediments to the transfer of the necessary information;
- b where the undertaking concerned is of negligible interest only with respect to the objectives of monitoring institutions;

[<sup>X2</sup>c where, in the opinion of [<sup>F2</sup>the consolidating supervisor], the consolidation of the financial situation of the undertaking concerned would be inappropriate or misleading as far as the objectives of the supervision of institutions are concerned.]

3 Where, in the cases referred to in paragraph 1 and point (b) of paragraph 2, several undertakings meet the criteria set out therein, they shall nevertheless be included in the consolidation where collectively they are of non-negligible interest with respect to the specified objectives.

Status: Point in time view as at 31/12/2020.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 3 is up to date with all changes known to be in force on or before 05 July 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)

**Editorial Information**

X2 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 (Official Journal of the European Union L 176 of 27 June 2013) (Corrected version in Official Journal of the European Union L 321 of 30 November 2013).

**Textual Amendments**

- F1 Words in Art. 19(2) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), 78(a) (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F2 Words in Art. 19(2)(c) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), 78(b) (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Article 20

**Joint decisions on prudential requirements**

- F3 1 .....
- F3 2 .....
- F3 3 .....
- F3 4 .....
- F3 5 .....

6 Where [<sup>F4</sup>a UK parent institution and its subsidiaries, the subsidiaries of a UK parent financial holding company or a UK parent mixed financial holding company] use an Advanced Measurement Approach referred to in Article 312(2) or an IRB Approach referred to in Article 143 on a unified basis, the competent authorities shall allow the qualifying criteria set out in Articles 321 and 322 or in Part Three, Title II, Chapter 3, Section 6 respectively to be met by the parent and its subsidiaries considered together, in a way that is consistent with the structure of the group and its risk management systems, processes and methodologies.

- F5 7 .....
- F5 8 .....

**Textual Amendments**

- F3 Art. 20(1)-(5) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), 79(a) (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F4 Words in Art. 20(6) substituted (31.12.2020) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), 79(b) (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F5 Art. 20(7)(8) omitted (31.12.2020) by virtue of The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(3), 79(c) (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

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## <sup>F6</sup> Article 21

### Joint decisions on the level of application of liquidity requirements

#### Textual Amendments

- F6** Art. 21 omitted (31.12.2020) by virtue of [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **80** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

## Article 22

### Sub-consolidation in cases of entities in third countries

Subsidiary institutions shall apply the requirements laid down in Articles 89 to 91 and Parts Three and Four on the basis of their sub-consolidated situation if those institutions, or the parent undertaking where it is a financial holding company or mixed financial holding company, have an institution or a financial institution as a subsidiary in a third country, or hold a participation in such an undertaking.

## Article 23

### Undertakings in third countries

For the purposes of applying supervision on a consolidated basis in accordance with this Chapter, the terms ‘ investment firm ’, ‘ credit institution ’, ‘ financial institution ’, and ‘ institution ’ shall also apply to undertakings established in third countries, which, were they established in the [<sup>F7</sup>United Kingdom], would fulfil the definitions of those terms in Article 4.

#### Textual Amendments

- F7** Words in Art. 23 substituted (31.12.2020) by [The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **81** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

## Article 24

### Valuation of assets and off-balance sheet items

1 The valuation of assets and off-balance sheet items shall be effected in accordance with the applicable accounting framework.

2 By way of derogation from paragraph 1, competent authorities may require that institutions effect the valuation of assets and off-balance sheet items and the determination of own funds in accordance with the [<sup>F8</sup>UK-adopted international accounting standards].]

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#### Textual Amendments

- F8** Words in [Art. 24\(2\)](#) substituted (31.12.2020) by [The Financial Services \(Miscellaneous\) \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/710\)](#), regs. 1(3), **27(3)**; 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:**

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