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 TEN

TRANSITIONAL PROVISIONS, REPORTS, REVIEWS AND AMENDMENTS

TITLE I

TRANSITIONAL PROVISIONS

CHAPTER 1

Own funds requirements, unrealised gains and losses measured at fair value and deductions

[X1 Section 2

Unrealised gains and losses measured at fair value

Article 467

Unrealised losses measured at fair value

1 By way of derogation from Article 35, during the period from 1 January 2014 to 31 December 2017 institutions shall include in the calculation of their Common Equity Tier 1 items only the applicable percentage of unrealised losses related to assets or liabilities measured at fair value, and reported on the balance sheet, excluding those referred to in Article 33 and all other unrealised losses reported as part of the profit and loss account.

2 The applicable percentage for the purposes of paragraph 1 shall fall within following ranges:

- a 20 % to 100 % during the period from 1 January 2014 to 31 December 2014;
- b 40 % to 100 % during the period from 1 January 2015 to 31 December 2015;
- c 60 % to 100 % during the period from 1 January 2016 to 31 December 2016; and
- d 80 % to 100 % for the period from 1 January 2017 to 31 December 2017.

By way of derogation from paragraph 1, the competent authorities may, in cases where such treatment was applied before 1 January 2014, allow institutions not to include in any element of own funds unrealised gains or losses on exposures to central governments classified in the 'Available for Sale' category of EU-endorsed IAS 39.

The treatment set out in the second subparagraph shall be applied until the Commission has adopted a regulation on the basis of Regulation (EC) No 1606/2002 endorsing the International Financial Reporting Standard replacing IAS 39.

3 Competent authorities shall determine and publish the applicable percentage in the ranges specified in points (a) to (d) of paragraph 2;

Article 468

Unrealised gains measured at fair value

1 By way of derogation from Article 35, during the period from 1 January 2014 to 31 December 2017, institutions shall remove from their Common Equity Tier 1 items the applicable percentage of unrealised gains related to assets or liabilities measured at fair value and reported on the balance sheet, excluding those referred to in Article 33 and all other unrealised gains with the exception of those related to investment properties reported as part of the profit and loss account. The resulting residual amount shall not be removed from Common Equity Tier 1 items.

2 For the purposes of paragraph 1, the applicable percentage shall be 100 % during the period from 1 January 2014 to 31 December 2014, and shall, after that date, fall within the following ranges:

a 60 % to 100 % during the period from 1 January 2015 to 31 December 2015;

b 40 % to 100 % during the period from 1 January 2016 to 31 December 2016;

c 20 % to 100 % for the period from 1 January 2017 to 31 December 2017.

From 1 January 2015, where under Article 467 a competent authority requires institutions to include in the calculation of Common Equity Tier 1 capital 100 % of their unrealised losses measured at fair value, that competent authority may also permit institutions to include in that calculation 100 % of their unrealised gains at fair value.

From 1 January 2015, where under Article 467 a competent authority requires institutions to include a percentage of unrealised losses measured at fair value in the calculation of Common Equity Tier 1 capital, that competent authority shall not set an applicable percentage of unrealised gains under paragraph 2 of this Article which results in a percentage of unrealised gains that is included in the calculation of Common Equity Tier 1 capital that exceeds the applicable percentage of unrealised losses set in accordance with Article 467.

3 Competent authorities shall determine and publish the applicable percentage of unrealised gains in the ranges specified in points (a) to (c) of paragraph 2 that is removed from Common Equity Tier 1 capital.

4 By way of derogation from Article 33(1)(c), during the period from 1 January 2013 to 31 December 2017, institutions shall not include in their own funds the applicable percentage, as specified in Article 478, of the fair value gains and losses from derivative liabilities arising from changes in the own credit standing of the institution. The percentage applied to fair value losses arising from changes in the own credit standing of the institution shall not exceed the percentage applied to fair value gains arising from changes in the own credit standing of the institution.**]**

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).