

CRD IV solo waivers

I. Default level of application

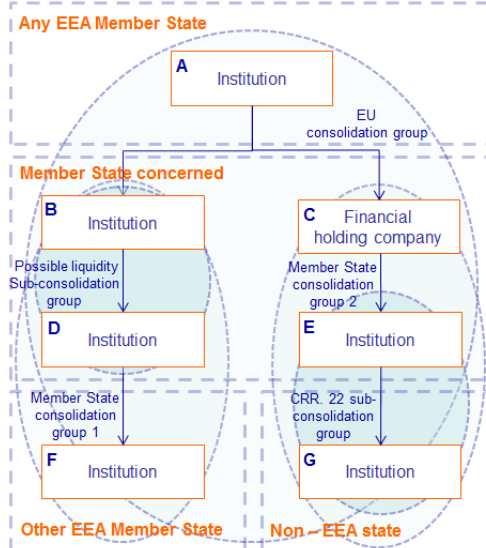
Levels of application in the CRD IV + CRR framework
CRD IV and CRR requirements are applicable on solo ("individual") as well as consolidated levels. The application of consolidated levels is triggered by specific circumstances of the financial group. Every institution in the European Economic Area (EEA) is subject to the CRD IV / CRR on a solo level. However the solo application of several CRD IV / CRR requirements could be waived by the competent authority. These waivers are known as the solo waivers.

Solo waivers CRR.7 + CRR.8
The competent authority may waive the application of solo application of the CRD IV / CRR provisions, subject to criteria and conditions.
• CRR.7 is the legal basis for one waiver for:
• CRR part 2, 3, 4, 5, 7, 8 and CRD buffer.
• CRR.8 is the legal basis for replacing the solo application of liquidity requirements by sub-consolidated liquidity requirements.

CRR part	EU level		MS level		CRR.22 sub-consolidation	solo-parent		solo-subsidiary		solo-stand alone		
	applies	basis	applies	basis		applies	basis	applies	basis	applies	basis	
Part 2	yes	CRR.11.1/2 + 3	yes	CRR.11.1/2	no	yes	CRR.6.1	yes	CRR.6.1	yes	CRR.6.1	
Part 3	yes	CRR.11.1/2 + 3	yes	CRR.11.1/2	yes	CRR.22	yes	CRR.6.1	yes	CRR.6.1	yes	CRR.6.1
Part 4	yes	CRR.11.1/2 + 3	yes	CRR.11.1/2	yes	CRR.22	yes	CRR.6.1	yes	CRR.6.1	yes	CRR.6.1
Part 5	yes	CRR.14.1	yes	CRR.14.1	no		yes	CRR.6.1	yes	CRR.6.1	yes	CRR.6.1
Part 6	yes	CRR.11.3	no		no		yes	CRR.6.4	yes	CRR.6.4	yes	CRR.6.4
Part 7	yes	CRR.11.1/2 + 3	yes	CRR.11.1/2	no		yes	CRR.6.5	yes	CRR.6.5	yes	CRR.6.5
Part 8	yes	CRR.13.1/3	no		no		no	CRR.6.3	no	CRR.6.3	yes	CRR.6.1
CRD.73	yes	CRD.108.2/3	yes	CRD.108.2/3	yes	CRD.108.4	yes	CRD.108.1	yes	CRD.108.1	yes	CRD.108
CRD.74-96	yes	CRD.109.2	yes	CRD.109.2	yes	CRD.109.2	no		no		yes	CRD.109.2
CRD.128-142	yes	CRD.129	yes	CRD.129	yes	CRD.129	yes	CRD.129	yes	CRD.129	yes	CRD.129

CRR parts 1, 9, 10, 11 and annexes are of technical nature / do not contain stand alone requirements.

II. Relevant definitions



Relevant definitions and categories in example

- A.** = EU parent institution (CRR.4.1.29)
= Parent institution in a MS (CRR.4.1.28)
= Parent undertaking (CRR.4.1.15) to B and C*
- B.** = Parent institution in a MS (CRR.4.1.28)
= Parent undertaking (CRR.4.1.15) to D*
= Subsidiary (CRR.4.1.16) of A
- C.** = Parent financial holding company in a MS (CRR.4.1.30)
= Parent undertaking (CRR.4.1.15) to E
= Subsidiary (CRR.4.1.16) of A
- D.** = Parent undertaking (CRR.4.1.15) to F*
= Subsidiary (CRR.4.1.16) of A and B
- E.** = Parent undertaking (CRR.4.1.15) to G*
= Subsidiary (CRR.4.1.16) of A and C
- F.** = Subsidiary (CRR.4.1.16) of A, B and D
- G.** = Subsidiary (CRR.4.1.16) of A, C and E

* any parent undertaking is understood to be a parent institution if it is itself an institution.

III. 7.1 subsidiaries of institutions

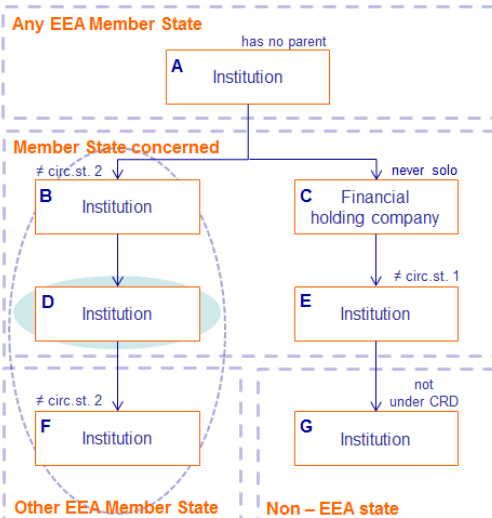
Solo-waiver: parent is an institution CRR.7.1

Circumstances:
1. Parent is an institution.
2. Parent and subsidiary are located in the same MS.
3. Parent and subsidiary are included in the same scope of consolidation (possibly by a higher parent).

Minimum conditions:
a) No impediments for the prompt transfer of own funds from parent to the subsidiary (CRR.7.1.a).
b) The parent guarantees all the commitments of the subsidiary or its risks are negligible (CRR.7.1.b).
c) Parent and subsidiary are included in the same integrated risk management (possibly by a higher parent) (CRR.7.1.c).
d) The parent (possibly by higher parent) holds at least 50% of the shares of the subsidiary or has the right to appoint the majority of the members of the management body (CRR.7.1.d).

Notes: 7.1 is commonly interpreted as:
• A relation between a subsidiary and its direct parent.
• A guarantee provided by the direct parent.
• Direct parent is not per se itself subject to consolidated supervision, if it has a parent in the same MS.

Example of CRR.7.1 waiver: Possible waiver for D



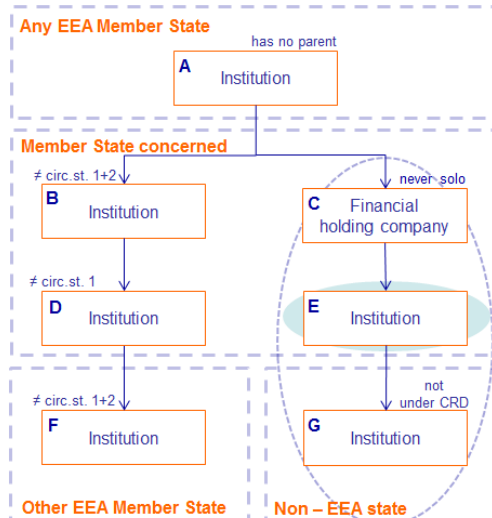
IV. 7.2 subsidiaries of holding companies

Solo-waiver: parent is a holding company CRR.7.2

Circumstances:
1. Parent is a (mixed) financial holding company.
2. Parent and subsidiary are located in the same MS.
3. Parent and subsidiary are included in the same scope of consolidation (possibly by a higher parent).

Notes: 7.2 is commonly interpreted as:
• A relation between a subsidiary and its direct parent.
• The 7.2 waiver requires the same conditions to be met as the 7.1 waiver as it is clear that the same situation would be preferable from a supervisory perspective.
• Where applicable guarantees ought to be provided by the direct parent.
• Direct parent is not per se itself subject to consolidated supervision, if it has a parent in the same MS, on which level de MS consolidation level applies.
• Cooperation with competent authorities in the non-EEA State (institution G) seems appropriate upon a request for this waiver by institution E.

Example of CRR.7.2 waiver: Possible waiver for E



V. 7.3 solo waiver for parent institutions

Solo-waiver: for parent institutions CRR.7.3

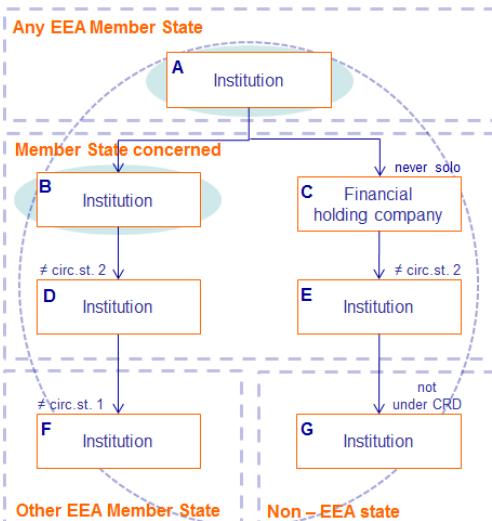
Waiver possibilities A and B are competences of the competent authorities in the two concerned MS.

Circumstances:
1. Institution is itself a parent of another institution or a financial institution anywhere.
2. Parent is not itself a subsidiary of an institution or (mixed) financial holding company in the same MS.
3. Parent is included in the same scope of consolidation (possibly by a higher parent in another MS).

Minimum conditions:
a) No impediments for the prompt transfer of own funds from subsidiary to the parent (CRR.7.3.a).
b) Parent and subsidiary are included in the same integrated risk management (possibly by a higher parent) (CRR.7.3.b).

Notes: 7.3 is commonly interpreted as:
• Location of subsidiaries is considered formally irrelevant, but practically rather important, given the condition that there is a prompt transfer of own funds possible from the subsidiary.
• Competent authorities (NCA) on institution A notify NCA on institutions B + E, and report in college.

Example of CRR.7.3 waiver: Possible waiver for A and B



VI. 8 liquidity sub-groups

Solo replaced by liquidity sub-consolidation CRR.8

The solo-liquidity waiver replaces the solo application of liquidity requirements on two or more institutions by sub-consolidated application by a single liquidity subgroup in which all waived institutions are included.

Circumstances:
1. Institution has a subsidiary institution in the EEA.
2. Institutions are in the same MS (CRR.8.2).
3. Institutions are in several MS (CRR.8.3).

Minimum conditions (more conditions in CRR.8.3):
a) Either the parent institution complies on a consolidated basis, or the subsidiary institution complies on a sub-consolidated basis (CRR.8.1.a).
b) Parent and subsidiary are included in the same integrated liquidity risk management (CRR.8.1.b):
• Sufficient allocation of liquidity across the single liquidity sub-group (CRR.8.1.b).
c) Contractual reciprocal liquidity provision (CRR.8.1.c).
d) No impediments for the prompt transfer of liquidity within the single liquidity sub-group (CRR.8.1.d).

Notes:
• CRR.8.3 cross-border liquidity waivers could be parallel (A+B, B+D, D+F) or joint (A+B+D+F).

Example of CRR.8.3: Possible waiver for A/B, D/F

