

# Chapter 1

## Commission Delegated Regulation (EU) 2016/1075

Article 35 Liquidity and solvency of the  
providing entity

(1) Subject to the condition specified in rule 4.1(7) of Chapter 4 of the Group Financial Support Part of the PRA Rulebook or rules IFPRU 11.5.14R (8) and 11.5.14R of the Recovery and Resolution Part of the FCA Handbook, the provision of the financial support shall be considered not to jeopardise the liquidity or solvency of the providing entity if, following the provision of the financial support:

(a) the assets of the providing entity can be reasonably expected to be at all times higher than its liabilities;

(b) the providing entity can be reasonably expected to comply with the following:

(i) to be able to pay all of its liabilities as they fall due;

(ii) not to infringe the requirements on solvency and liquidity under Directive 2013/36/EU and Regulation (EU) No 575/2013 in a way that would justify the withdrawal of the authorisation by the competent authority.

(2) The assessment shall take into account the default risk of the receiving entity and the loss for the providing entity resulting from the default of the receiving entity also having regard to a potential adverse development. The assessment shall comply with the appropriate prudential requirements of proper risk management for the providing entity.