

# Chapter

## Article 1 Subject matter

This Regulation lays down rules concerning:

- (a) the meaning of "foreseeable" when determining whether foreseeable charges or dividends have been deducted from own funds according to Article 26(4) of Regulation (EU) No 575/2013;
- (b) conditions according to which Competent authorities may determine that a type of undertaking recognised under the applicable law of the United Kingdom (or any part of it) qualifies as a mutual, cooperative society, savings institution or similar institution, according to Article 27(2) of Regulation (EU) No 575/2013;
- (c) the applicable forms and nature of indirect funding of capital instruments, according to Article 28(5) of Regulation (EU) No 575/2013;
- (d) the nature of limitations on redemption necessary where the refusal by the institution of the redemption of own funds instruments is prohibited under the applicable law of the United Kingdom (or any part of it) or of a third country, according to Article 29(6) of Regulation (EU) No 575/2013;
- (e) the further specification of the concept of gain on sale according to Article 32(2) of Regulation (EU) No 575/2013;
- (f) the application of the deductions from Common Equity Tier 1 items and other deductions for Common Equity Tier 1, Additional Tier 1 and Tier 2 items according to Article 36(2) of Regulation (EU) No 575/2013;
- (g) the criteria according to which competent authorities shall permit institutions to reduce the amount of assets in the defined benefit pension fund, according to Article 41(2) of Regulation (EU) No 575/2013;
- (h) the form and nature of incentives to redeem, the nature of a write-up of an Additional Tier 1 instrument following a write-down of the principal amount on a temporary basis and the procedures and timing surrounding trigger events, features of instruments that could hinder recapitalisation and use of special purpose entities, according to Article 52(2) of Regulation (EU) No 575/2013;

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(i) the extent of conservatism required in estimates used as an alternative to the calculation of underlying exposures for indirect holdings arising from index holdings, according to Article 76(4) of Regulation (EU) No 575/2013;

(j) certain detailed conditions that need to be met before a supervisory permission for reducing own funds can be given, and the relevant process, according to Article 78(5) of Regulation (EU) No 575/2013;

(k) the conditions for a temporary waiver for deduction from own funds to be provided, according to Article 79(2) of Regulation (EU) No 575/2013;

(l) the types of assets that can relate to the operations of a special purpose entity and the concepts of minimal and insignificant for the purposes of determining Qualifying Additional Tier 1 and Tier 2 capital issued by a special purpose entity according to Article 83(2) of Regulation (EU) No 575/2013;

(m) the detailed conditions for adjustments to own funds under the transitional provisions, according to Article 481(6) of Regulation (EU) No 575/2013;

(n) the conditions for items excluded from grandfathering in Common Equity Tier 1 or Additional Tier 1 items in other elements of own funds, according to Article 487(3) of Regulation (EU) No 575/2013;

(o) the conditions according to which indices shall be deemed to qualify as broad market indices, according to Article 73(7) of Regulation (EU) No 575/2013;

(p) the sub-consolidation calculation required in accordance to Article 84(2) and Articles 85 and 87 of Regulation (EU) No 575/2013, pursuant to Article 84(4) of that Regulation.