

Chapter

Article 15d Default approach for the calculation of indirect holdings for the purposes of points (f),(h) and (i) of Article 36(1) of Regulation (EU) No 575/2013

(1) The amount of indirect holdings of Common Equity Tier 1 instruments to be deducted as required by points (f), (h) and (i) of Article 36(1) of Regulation (EU) No 575/2013 shall be calculated as follows:

(a) where the exposures of all investors to the intermediate entity rank *pari passu*, the amount shall be equal to the percentage of funding multiplied by the amount of Common Equity Tier 1 instruments of the financial sector entity held by the intermediate entity;

(b) where the exposures of all investors to the intermediate entity do not rank *pari passu*, the amount shall be equal to the percentage of funding multiplied with the lower of the following amounts:

(i) the amount of Common Equity Tier 1 instruments of the financial sector entity held by the intermediate entity;

(ii) the institution's exposure to the intermediate entity together with all other funding provided to the intermediate entity that rank *pari passu* with the institution's exposure.

(2) The calculation method set out in point (b) of paragraph 1 shall be made for each tranche of funding that ranks *pari passu* with the funding provided by the institution.

(3) The percentage of funding for the purposes of paragraph 1 shall be the institution's exposure to the intermediate entity divided by the sum of the institution's exposure to the intermediate entity and of all other exposures to this intermediate entity that rank *pari passu* with the institution's exposure.

(4) The calculation laid down in paragraph 1 shall be made separately for each holding in a financial sector entity held by each intermediate entity.

(5) Where investments in Common Equity Tier 1 instruments of a financial sector entity are held indirectly through subsequent or several intermediate entities, the percentage of

funding set out in paragraph 1 shall be determined by dividing the amount referred to in point (a) of this paragraph by the amount referred to in point (b) of this paragraph:

(a) the result of the multiplication of amounts of funding provided by the institution to intermediate entities, by the amounts of funding provided by these intermediate entities to subsequent intermediate entities, and by amounts of funding provided by these subsequent intermediate entities to the financial sector entity;

(b) the result of the multiplication of amounts of capital instruments or other instruments as relevant, issued by each intermediate entity.

(6) The percentage of funding referred to in paragraph 5 shall be calculated separately for each holding in a financial sector entity held by intermediate entities and for each tranche of funding that ranks *pari passu* with the funding provided by the institution and the subsequent intermediate entities.