

Chapter 8

Commission Delegated Regulation (EU) No 527/2014

Article 3 Conditions for classes of Tier 2 instruments

Classes of Tier 2 instruments shall comply with the following conditions:

(a) at the time of the award of the instruments as variable remuneration, the remaining period before maturity of the instruments shall be equal to or exceed the sum of the deferral periods and retention periods that apply to variable remuneration in respect of the award of those instruments;

(b) the provisions governing the instrument provide that, upon the occurrence of a trigger event the principal amount of the instruments shall be written down on a permanent or temporary basis or the instrument shall be converted to Common Equity Tier 1 instruments;

(c) the trigger event referred to in point (b) occurs where the Common Equity Tier 1 capital ratio of the institution issuing the instrument, referred to in point (a) of Article 92(1) of Regulation (EU) No 575/2013, falls below either of the following:

(i) 7 %;

(ii) a level higher than 7 %, where determined by the institution and specified in the provisions governing the instrument;

(d) one of the requirements in point (c) of Article 2 is met.