

Chapter 1

Commission Delegated Regulation (EU) 2016/101

Article 4 Conditions for use of the simplified approach

(1) Institutions may apply the simplified approach described in this Chapter only if the sum of the absolute value of fair-valued assets and liabilities, as stated in the institution's financial statements under the applicable accounting framework, is less than EUR 15 billion.

(2) Exactly matching, offsetting fair-valued assets and liabilities shall be excluded from the calculation of paragraph 1. For fair-valued assets and liabilities for which a change in accounting valuation has a partial or zero impact on Common Equity Tier 1 ("CET1") capital, their values shall only be included in proportion to the impact of the relevant valuation change on CET1 capital.

(3) The threshold referred to in paragraph 1 shall apply on an individual and consolidated basis. Where the threshold is breached on a consolidated basis, the core approach shall be applied to all entities included in the consolidation.

(4) Where institutions applying the simplified approach fail to meet the condition of paragraph 1 for two consecutive quarters, they shall immediately notify the relevant competent authority and shall agree on a plan to implement the approach referred to in Chapter 3 within the following two quarters.