

Chapter 1

Commission Delegated Regulation (EU) No 342/2014

Article 15 Specification of technical calculation under method 2 pursuant to Annex 2 (Table 2) of the Financial Conglomerates Part of the PRA Rulebook and Annex 1R (Table 2) of Chapter 3 of the FCA General Prudential sourcebook

(1) Where the own funds of a regulated entity are subject to a prudential filter pursuant to the relevant sectoral rules, one of the following treatments shall apply:

(a) the filtered amount, being the net amount that shall be taken into account in the calculation of own funds of participations, shall be added to the book value of participations in accordance with Annex 2 of the Financial Conglomerates Part of the PRA Rulebook and Annex 1R of Chapter 3 of the FCA General Prudential sourcebook, if the filtered amount increases regulatory capital;

(b) the filtered amount referred to in point (a) shall be deducted from the book value of participations in accordance with Annex 2 of the Financial Conglomerates Part of the PRA Rulebook and Annex 1R of Chapter 3 of the FCA General Prudential sourcebook, if the filtered amount decreases regulatory capital.

(2) For banking-led or investment-led financial conglomerates, significant investment in a financial sector entity within the meaning of Article 43 of Regulation (EU) No 575/2013, which belongs to the insurance sector and which is not a participation shall be fully deducted from the own funds items of the entity holding the instrument, in accordance with sectoral rules applicable to that entity.

(3) Intra-group investments in any capital instruments that are eligible as own funds in accordance with sectoral rules, taking into account relevant sectoral limits, shall be deducted or excluded from the own funds calculation.

(4) The calculation of supplementary capital requirements shall be carried out in accordance with the formula in the Annex.