

Chapter 2

Commission Delegated Regulation (EU) 2017/1946

Article 12 Additional requirements for qualifying holdings of 50 % or more

(1) Where the proposed acquisition would result in the proposed acquirer holding a qualifying holding in the target entity of 50 % or more, or in the target entity becoming its subsidiary, the proposed acquirer shall provide a business plan to the competent authority of the target entity which shall comprise a strategic development plan, estimated financial statements of the target entity, and the impact of the acquisition on the corporate governance and general organisational structure of the target entity.

(2) The strategic development plan referred to in paragraph 1 shall indicate, in general terms, the main goals of the proposed acquisition and the main ways for achieving them, including:

(a) the overall aim of the proposed acquisition;

(b) medium-term financial goals which may be stated in terms of return on equity, cost-benefit ratio, earnings per share, or in other terms as appropriate;

(c) the possible redirection of activities, products, targeted customers and the possible reallocation of funds or resources expected to impact on the target entity;

(d) general processes for including and integrating the target entity in the group structure of the proposed acquirer, including a description of the main interactions to be pursued with other companies in the group, as well as a description of the policies governing intra-group relations.

(3) Where the proposed acquirer is an entity authorised and supervised in the Union, information about the particular departments within the group structure which are affected by the proposed acquisition shall be sufficient for the purposes of the information referred to in point (d)

(4) The estimated financial statements of the target entity referred to in paragraph 1 shall, on both an individual and a consolidated basis, include the following for a reference period of three years:

(a) a forecast balance sheet and income statement;

(b) a forecast prudential capital requirements and solvency ratio;

(c) information on the level of risk exposures including credit, market and operational risks as well as other relevant risks;

(d) a forecast of intra-group transactions.

(5) The impact of the acquisition on the corporate governance and general organisational structure of the target entity referred to in paragraph 1 shall include the impact on:

(a) the composition and duties of the administrative, management or supervisory body, and the main committees created by such decision-taking body including the management committee, risk committee, audit committee, remuneration committee, and including information concerning the persons who will be appointed to direct the business;

(b) administrative and accounting procedures and internal controls, including changes in procedures and systems relating to accounting, internal audit, compliance with anti-money laundering and risk management, and the appointment of key functions of internal auditor, compliance officer and risk manager;

(c) the overall IT systems and organisation including any changes concerning the IT outsourcing policy, the data flowchart, the in-house and external software used and the essential data and systems security procedures and tools such as back-up, continuity plans and audit trails;

(d) the policies governing outsourcing, including information on the areas concerned, the selection of service providers, and the respective rights and obligations of the parties to the outsourcing contract such as audit arrangements and the quality of service expected from the provider;

(e) any other relevant information pertaining to the impact of the acquisition on the corporate governance and general organisational structure of the target entity, including any modification regarding the voting rights of the shareholders.