Changes to legislation: *There are outstanding changes not yet made to Commission Delegated Regulation (EU) No 524/2014. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details)EUR 2014 No. 524 may be subject to amendment by EU Exit Instruments made by both the Prudential Regulation Authority and the Financial Conduct Authority under powers set out in The Financial Regulators' Powers (Technical Standards etc.) (Amendment etc.) (EU Exit) Regulations 2018 (S.I. 2018/1115), regs. 2, 3, Sch. Pt. 4. These amendments are not currently available on legislation.gov.uk. Details of relevant amending instruments can be found on their website/s. (See end of Document for details) View outstanding changes*

Commission Delegated Regulation (EU) No 524/2014 of 12 March 2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the information that competent authorities of home and host Member States supply to one another (Text with EEA relevance)

COMMISSION DELEGATED REGULATION (EU) No 524/2014

of 12 March 2014

supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the information that competent authorities of home and host Member States supply to one another

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC[(1)], and in particular Article 50(6) thereof,

Whereas:

(1) In order to ensure efficient cooperation between competent authorities of home and host Member States information exchange should be two-way, within the respective supervisory competences of those authorities. It is therefore necessary to specify which information concerning institutions, and where relevant, concerning the functioning of their branches, should be provided by the competent authorities of the home Member State to the competent authorities of the host Member State, as well as which information regarding branches needs to be provided by competent authorities of host Member States to the competent authorities of the home Member State.

(2) Exchange of information between competent authorities of home and host Member States should be seen in a wider context of supervision of cross-border banking groups and, were relevant, information could be provided at the consolidated level. In particular, if an institution has an ultimate parent undertaking in the Member State where it has its head office, and the competent authority concerned is also the consolidating supervisor, possibilities should be made available to provide information at the consolidated level rather than at the level of an institution operating through a branch. However, in this case the competent authority should notify competent authorities of host Member States that the information is provided at the consolidated level.

(3) Information exchange between competent authorities of home and host Member States is not limited to the types of information specified in Article 50 of Directive 2013/36/

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EU, and therefore to the types of information specified in this Regulation. In particular, Articles 35, 36, 39, 43 and 52 of Directive 2013/36/EU set out a separate provision for exchange of information regarding on-the-spot verification of branches, notifications of the exercise of the right of establishment and freedom to provide services, and measures, including precautionary ones, taken by competent authorities in relation to branches and their parent undertakings. This Regulation should therefore not specify exchange of information requirements in those areas.

(4) It is necessary to laid down requirements for the information to be exchanged between competent authorities of home and host Member States in order to harmonise regulatory and supervisory practices across the Union. This information should cover all the areas specified in Article 50 of Directive 2013/36/EU, namely management and ownership, including business lines such as those referred to in Article 317 of Regulation (EU) No 575/2013 of the European Parliament and of the Council[(2)], liquidity and findings pertaining to liquidity supervision, solvency, deposit guarantee, large exposures, systemic risk, administrative and accounting procedures, and internal control mechanisms. In order to facilitate the monitoring of institutions, the competent authorities of host and home Member States should keep each other informed about situations of non-compliance with national or Union law as well as about supervisory measures and sanctions imposed on institutions. Furthermore, additional information regarding leverage and preparation for emergency situations should be included into the scope of information to be exchanged between competent authorities of home and host Member States so that the latter are able to monitor institutions in an efficient way.

(5) Where a liquidity stress affects or is expected to affect an institution, the competent authorities of host Member States need to have a clear understanding of the situation in order to be able to take precautionary measures under the conditions set out in Article 43 of Directive 2013/36/EU. This Regulation should therefore provide clear rules on what types of information have to be exchanged between authorities when a liquidity stress occurs. It is also necessary to specify the information to be exchanged so that authorities should be prepared well in advance for emergency situations such as those referred to in Article 114(1) of Directive 2013/36/EU.

(6) Given the differences in the size, complexity and significance of branches operating in host Member States, it is important to apply the principle of proportionality in the exchange of information. To this end, a more extensive range of information should be exchanged between home and host competent authorities where the competent authorities in host Member States are responsible for branches identified as significant in accordance with Article 51 of Directive 2013/36/EU.

(7) To ensure that the relevant information is exchanged within reasonable limits while avoiding situations where the competent authorities of a home Member State are obliged to forward any information about an institution, regardless of its nature and importance, to all competent authorities of host Member States, in specific cases, only information that is relevant to a particular branch should be transmitted exclusively to the competent authorities in charge of supervising this branch. For similar purposes, in a number of specific areas, only information revealing situations of non-compliance should be

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exchanged between competent authorities of home and host Member States, meaning that no information should be exchanged where the institution is in conformity with national and Union law.

(8) This Regulation should also address exchange of information in relation to the carrying out of activities in a host Member State by way of the provision of cross-border services. Given the nature of cross-border services, competent authorities of host Member States are confronted with a lack of information regarding operations being conducted in their jurisdictions, and therefore it is essential to specify in detail what information needs to be exchanged for the purposes of safeguarding financial stability and monitoring conditions of authorisations, in particular monitoring whether the institution provides services in accordance with the notifications provided.This Regulation is based on the draft regulatory technical standards submitted by the European Supervisory Authority (European Banking Authority (EBA) to the Commission.

(9) EBA has conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the opinion of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council[(3)],

HAS ADOPTED THIS REGULATION:

CHAPTER I

GENERAL PROVISIONS

Article 1

Subject matter and scope

1 This Regulation specifies the information that the competent authorities of host and home Member States shall supply to one another in accordance with Article 50 of Directive 2013/36/EU.

2 It lays down rules on the information to be exchanged in relation to an institution which operates, through a branch or in the exercise of the freedom to provide services, in one or more Member States other than that in which its head office is situated.

Article 2

Information on a consolidated basis

Where the ultimate parent undertaking of an institution is set up in the same Member State as that in which the institution has its head office, and the competent authority of the institution's home Member State is also the consolidating supervisor, that competent authority shall, where appropriate in accordance with the requirements laid down in Regulation (EU) No 575/2013 and Directive 2013/36/EU, provide information

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regarding this institution at the consolidated level, and shall inform the competent authorities of host Member States that the information is provided at that level.

CHAPTER II

INFORMATION EXCHANGE REGARDING INSTITUTIONS OPERATING THROUGH A BRANCH

Article 3

Information concerning management and ownership

1 The competent authorities of the home Member State shall provide to the competent authorities of a host Member State the organisational structure of an institution including its business lines and its relationships to entities within the group.

2 In addition to information specified in paragraph 1, the competent authorities of the home Member State shall provide to the competent authorities of a host Member State which supervise a significant branch, as referred to in Article 51 of Directive 2013/36/EU, the following information in relation to an institution:

a the structure of the management body and senior management, including the allocation of responsibility for the oversight of a branch;

b the list of shareholders and members with qualifying holdings based on information provided by the credit institution in accordance with Article 26(1) of Directive 2013/36/EU.

Article 4

Information concerning liquidity and supervisory findings

1 The competent authorities of the home Member State shall provide to the competent authorities of a host Member State the following information:

a any material deficiencies in an institution's liquidity risk management which are known to the competent authorities and which may affect branches, any related supervisory measures which have been taken in relation to those deficiencies, and the extent of the institution's compliance with those supervisory measures;

b the overall assessment carried out by the competent authorities of the home Member State of an institution's liquidity risk profile and risk management, in particular in relation to a branch;

c an institution's ratios indicating its liquidity and stable funding position at the national or Union level in the domestic currency of the institution's home Member State and in all other currencies which are material for the institution;

d the components of an institution's liquidity buffer;

e the degree of asset encumbrance of an institution;

f the ratio of an institution's loans to its deposits;

g any domestic liquidity ratios that apply to an institution as a part of macro-prudential policy measures by the competent authorities or by the designated authority whether as binding requirements, guidelines, recommendations, warnings or otherwise, including the definitions of those ratios;

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h any specific liquidity requirements applied in accordance with Article 105 of Directive 2013/36/EU;

i any obstacles to cash and collateral transfer to or from branches of an institution.

2 Where the competent authorities have waived in full or in part the application of Part Six of Regulation (EU) No 575/2013 to an institution in accordance with Article 8 of that Regulation, the competent authorities of the home Member State shall provide the information referred to in paragraph 1 at the sub-consolidated level or, in accordance with Article 2 of this Regulation, at the consolidated level.

3 In addition to the information specified in paragraph 1, the competent authorities of the home Member State shall provide to the competent authorities of a host Member State which supervise a significant branch the following information:

a the liquidity and funding policy of the institution, including descriptions of the funding arrangements for its branches, any intra-group support arrangements, and procedures for centralised cash pooling;

b the liquidity and funding contingency plans of the institution, including information on the assumed stress scenarios.

Article 5

Information concerning solvency

1 The competent authorities of the home Member State shall inform the competent authorities of a host Member State whether an institution is compliant with the following requirements:

a the own fund requirements laid down in Article 92 of Regulation (EU) No 575/2013, taking into account any measures adopted or recognised in accordance with Article 458 of that Regulation and, where relevant, taking into account the transitional arrangements laid down in Part Ten of that Regulation;

b any additional own fund requirements imposed in accordance with Article 104 of Directive 2013/36/EU;

c the capital buffer requirements set out in Chapter 4 of Title VII of Directive 2013/36/EU.

2 In addition to the information specified in paragraph 1, the competent authorities of the home Member State shall provide to the competent authorities of a host Member State which supervise a significant branch of an institution which is subject to own funds requirements the following information:

a the institution's Common Equity Tier 1 capital ratio, within the meaning of Article 92(2)(a) of Regulation (EU) No 575/2013;

b the institution's Tier 1 capital ratio, within the meaning of Article 92(2)(b) of Regulation (EU) No 575/2013;

c the institution's total capital ratio, within the meaning of Article 92(2)(c) of Regulation (EU) No 575/2013;

d the institution's total risk exposure amount, within the meaning of Article 92(3) of Regulation (EU) No 575/2013;

e the own funds requirements applicable in the home Member State in accordance with Article 92 of Regulation (EU) No 575/2013, taking into account any measures adopted or recognised in accordance with Article 458 of that Regulation and, where