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From: Secretary-General of the European Commission,  
signed by Mr Jordi AYET PUIGARNAU, Director

date of receipt: 21 January 2014

To: Mr Uwe CORSEPIUS, Secretary-General of the Council of the European  
Union

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Subject: ANNEX Calculation methodology for Method 2 pursuant to Directive  
2002/87/EC Deduction and aggregation method to the COMMISSION  
DELEGATED REGULATION (EU) supplementing Directive 2002/87/EU  
of the European Parliament and of the Council and Regulation (EU) No  
575/2013 of the European Parliament and of the Council with regard to  
regulatory technical standards for the application of the calculation methods  
of capital adequacy requirements for financial conglomerates

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Delegations will find attached document C(2014) 139 final Annex I.

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Encl.: C(2014) 139 final Annex I



Brussels, 21.1.2014  
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ANNEX 1

**ANNEX**

**Calculation methodology for Method 2 pursuant to Directive 2002/87/EC  
Deduction and aggregation method**

**to the**

**COMMISSION DELEGATED REGULATION (EU)**

**supplementing Directive 2002/87/EU of the European Parliament and of the Council and  
Regulation (EU) No 575/2013 of the European Parliament and of the Council with  
regard to regulatory technical standards for the application of the calculation methods  
of capital adequacy requirements for financial conglomerates**

## ANNEX

### Calculation methodology for Method 2 pursuant to Directive 2002/87/EC Deduction and aggregation method

to the

#### COMMISSION DELEGATED REGULATION (EU)

supplementing Directive 2002/87/EU of the European Parliament and of the Council and Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for the application of the calculation methods of capital adequacy requirements for financial conglomerates

The calculation of supplementary capital adequacy requirements under method 2 shall be carried out on the basis of the applicable accounting framework of each of the entities in the group following the formulaic expression below:

$$scar = \sum_{i=1}^{G_{fin}} x_i (OF_i) - \left( \sum_{i=1}^{G_{fin}} (REQ_i) + \sum_{j=1}^G (BV_j) \right)$$

$$scar \geq 0$$

where own funds ( $OF_i$ ) exclude intra-group capital instruments that are eligible as own funds in accordance with sectoral rules.

The supplementary capital adequacy requirements ( $scar$ ) shall thus be calculated as the difference between:

1. the sum of the own funds ( $OF_i$ ) of each regulated and non-regulated financial sector entity ( $i$ ) in the financial conglomerate; the elements eligible are those which qualify in accordance with the relevant sectoral rules; and
2. the sum of the solvency requirements ( $REQ_i$ ) for each regulated and non-regulated financial sector entity ( $i$ ) in the group ( $G$ ); the solvency requirements shall be calculated in accordance with the relevant sectoral rules; and the book value ( $BV_j$ ) of the participations in other entities ( $j$ ) of the group.

In the case of non-regulated financial sector entities, a notional solvency requirement shall be calculated in accordance with Article 12. Own funds and solvency requirements shall be taken into account for their proportional share ( $x$ ) as provided for in Article 6(4) of Directive 2002/87/EC and in accordance with Annex I to that Directive.

The difference shall not be negative.