



CONSULTATION PAPER

DRAFT REGULATORY TECHNICAL STANDARDS ON THE METHODS OF PRUDENTIAL CONSOLIDATION UNDER ARTICLE 18 OF REGULATION (EU) No 575/2013 (CAPITAL REQUIREMENTS REGULATION - CRR)

The Spanish Banking Association (hereinafter AEB) welcomes the opportunity to comment on the consultation paper (CP) on draft Regulatory Technical Standards (RTS) on the methods of prudential consolidation under Article 18 of the CRR (EBA/CP/2017/20). In this regard, we would like to highlight the following issues:

Question 4: Do you have any comments on the conditions established in this Consultation Paper to apply proportional consolidation pursuant to Article 18(2) of Regulation (EU) No 575/2013?

Article 7.2 of the CP requires that the other shareholders or members shall be financial sector entities subject to prudential supervision. In this vein, EBA should not limit the possibility of applying proportional consolidation of subsidiaries (institutions and financial institutions) the other shareholders or members are industrial groups. It should be taken into consideration that CRR establishes that the solvency of the other shareholders or members should be satisfactory without limiting its application to them being financial sector entities subject to prudential supervision.

Question 7: Do you have any comment on the application of proportional consolidation according to Article 18(4) of Regulation (EU) No 575/2013?

Along the lines of the previous comment, the Consultation Paper should clarify that the word "undertaking" which article 10 of the draft regulatory technical standard refers to is not the definition of "undertaking" included in article 2 of the CP. If it were the case, the EBA would be limiting, in our opinion in the wrong way, the nature of the entities's partners.

In this vein, proportional consolidation of subsidiaries (institutions and financial institutions) should be applied regardless of the other shareholders or members (the "participating undertakings") being financial sector entities or not.