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Contents

[1] Text with EEA relevance

EN

Acts whose titles are printed in light type are those relating to day-to-day management of agricultural matters, and are generally valid for a limited period.

The titles of all other acts are printed in bold type and preceded by an asterisk.

DIRECTIVES

[1] Text with EEA relevance

(1) Text with EEA relevance

II

(Non-legislative acts)

REGULATIONS

COMMISSION DELEGATED REGULATION (EU) No 522/2014

of 11 March 2014

supplementing Regulation (EU) No 1301/2013 of the European Parliament and of the Council with regard to the detailed rules concerning the principles for the selection and management of innovative actions in the area of sustainable urban development to be supported by the European Regional Development Fund

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006 ([1]), and in particular Article 8(3) thereof,

Whereas:

(1) According to Article 4(7) of Regulation (EU) No 1303/2013 of the European Parliament and of the Council ([2]) the Structural Funds resources for the Investment for growth and jobs goal allocated to the innovative actions in the area of sustainable urban development (hereinafter referred to as 'innovative actions') should be implemented by the Commission.

(2) Article 92(8) Regulation (EU) No 1303/2013 allows the Commission to implement the resources allocated to innovative actions under indirect management provided for in Article 60 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council ([3]).

(3) It is necessary to establish detailed rules concerning the principles for the management of innovative actions by an entity or a body entrusted with budget implementation tasks pursuant to Article 58(1)(c) of Regulation (EU) No 966/2012.

(4) It is necessary to establish detailed rules concerning the principles for the selection of innovative actions to be supported by the European Regional Development Fund (ERDF). In order to ensure that high quality proposals are selected, the procedures and criteria for the selection of innovative actions should be set out, taking account of the territorial diversity of the Union's urban areas.

([1]) Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006 (OJ L 347, 20.12.2013, p. 289).

([2]) Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (OJ L 347, 20.12.2013, p. 320).

([3]) Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1).

(5) The Commission should define the themes for selection of innovative actions to ensure that the calls for proposals address urban issues which will potentially grow in importance for the Union in future years,

HAS ADOPTED THIS REGULATION:

Article 1

Management of innovative actions

1. The Commission shall designate one or more entities or bodies to be entrusted with the budget implementation tasks for innovative actions at Union level pursuant to Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012 (hereinafter referred to as 'entrusted entity').

In addition to the requirements laid down in Article 60(1) of Regulation (EU, Euratom) No 966/2012, the entrusted entity shall have a demonstrated track record in managing Union funds in several Member States.

2. The Commission shall conclude a delegation agreement with the entrusted entity in accordance with Article 61(3) of Regulation (EU, Euratom) No 966/2012 and that delegation agreement shall contain in addition to the requirements set out in Article 40 of Commission Delegated Regulation (EU) No 1268/2012 ([1]) provisions governing:

(a) guidance for applicants and beneficiaries;

(b) an annual work programme for approval by the Commission;

(c) the organisation of calls to select the innovative actions;

(d) the assessment of the eligibility of the applicants;

(e) the setting-up of an expert panel, in agreement with the Commission, to assess and rank the proposals;

(f) the selection of the innovative actions on the basis of the recommendation of the expert panel, in agreement with the Commission;

(g) the requirement that the beneficiary is provided with a document setting out the conditions for support, as specified by the Commission;

(h) the examination of reports submitted by the beneficiaries and payments to the beneficiaries;

(i) the monitoring of individual innovative actions;

(j) the organisation of communication events;

(k) the dissemination of results, in agreement with the Commission;

(l) the audit of individual innovative actions to ensure that they implement the grant according to the principles of sound financial management;

(m) a financial contribution in support of the management tasks of the entrusted entity to be provided in the form of a flat-rate contribution to the operational costs of the entrusted entity and established on the basis of the amount of Union funds for grant support entrusted to that entity.

3. The entrusted entity shall provide the Commission with the documents in accordance with Article 60(5) of Regulation (EU, Euratom) No 966/2012 and with all necessary information required for the evaluation of the implementation of the innovative actions.

([1]) Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1).

Article 2

Selection of innovative actions

1. The entrusted entity shall select innovative actions on the basis of calls for proposals, taking account of themes defined by the Commission services on an annual basis.

2. The following authorities may apply for support to undertake innovative actions:

(a) any urban authority of a local administrative unit defined according to the degree of urbanisation as city, town or suburb and comprising at least 50 000 inhabitants;

(b) any association or grouping of urban authorities of local administrative units defined according to the degree of urbanisation as city, town or suburb where the total population is at least 50 000 inhabitants; this can include cross-border associations or groupings, associations or groupings in different regions and/or Member States.

3. The expert panel referred to in Article 1(2)(e) shall make recommendations concerning the innovative actions to be selected. The expert panel shall be geographically balanced and chaired by the Commission. In making its recommendations, the expert panel shall take into account, in particular, the following criteria:

(a) the innovative content of the proposal and its potential to identify or test new solutions;

(b) the quality of the proposal;

(c) the involvement of relevant partners in the preparation of the proposal;

(d) the capacity to demonstrate measurable results;

(e) the transferability of the solutions proposed.

The expert panel shall ensure that the territorial diversity of the Union's urban areas is taken into account in its recommendations.

4. The entrusted entity shall select the innovative actions on the basis of the recommendation of the expert panel and in agreement with the Commission.

5. The amount granted to each innovative action shall not exceed EUR 5 000 000.

6. Each innovative action shall be implemented within a maximum period of three years.

Article 3

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 11 March 2014.

For the Commission

The President

José Manuel BARROSO

COMMISSION DELEGATED REGULATION (EU) No 523/2014

of 12 March 2014

supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for determining what constitutes the close correspondence between the value of an institution's covered bonds and the value of the institution's assets

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 ([1]), and in particular Article 33(4) thereof,

Whereas:

(1) Gains or losses on liabilities of an institution resulting from changes in its own credit risk should not, in principle, be included as an element of own funds. However, in business models based on the strict match funding or balance principle that rule is not applied, on the premise that a decline or an increase in value of a liability is fully offset by a corresponding decline or increase in value of the asset, with which that liability is fully matched.

(2) It is important to set the requirements for determining whether a close correspondence exists between the liabilities of an institution consisting in a covered bond as referred to in Article 52(4) of Directive 2009/65/EC of the European Parliament and of the Council ([2]) and the value of the institution's assets underlying the covered bonds.

(3) Close correspondence should be reflected in the accounting treatment of those bonds and the underlying mortgage loans, without which it would not be prudent to recognise gains and losses stemming from changes in own credit risk.

(4) A delivery option allows the borrower to buy back the specific covered bond financing the mortgage loan in the market and deliver the covered bond to the bank as an early prepayment of the mortgage loan. As a consequence of the availability of that option to the borrower, the fair value of the mortgage loans should at all times be equal to the fair value of the covered bonds financing those mortgages. This implies that the calculation of the fair value of the mortgage loans should include the fair valuation of the embedded delivery option according to established market practices.

(5) This Regulation is based on the draft regulatory technical standards submitted by the European Banking Authority to the Commission.

(6) The European Banking Authority 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]),

([1]) OJ L 176, 27.6.2013, p. 1.

([2]) Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), (OJ L 302, 17.11.2009, p. 32).

([3]) Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12).

HAS ADOPTED THIS REGULATION:

Article 1

Definitions

The following definitions shall apply:

(1) 'covered bond' means a bond as referred to in Article 52(4) of Directive 2009/65/EC;

(2) 'delivery option' means the possibility to redeem the mortgage loan by buying back the covered bond at market or at nominal value in accordance with Article 33(3)(d) of Regulation (EU) No 575/2013.

Article 2

Close correspondence

1. A close correspondence between the value of a covered bond and the value of an institution's assets shall be deemed to exist when all the following conditions are met:

(a) any changes in the fair value of the covered bonds issued by the institution results at all times in equal changes in the fair value of the assets underlying the covered bonds. The fair value shall be determined according to the applicable accounting framework as defined in Article 4(1)(77) of Regulation (EU) No 575/2013;

(b) the mortgage loans underlying the covered bonds issued by the institution to finance the loans may be at any time redeemed by buying back the covered bonds at market or nominal value through the exercise of the delivery option;

(c) there is a transparent mechanism for determining the fair value of the mortgage loans and of the covered bonds. Determining the value of the mortgage loans shall include calculating the fair value of the delivery option.

2. A close correspondence shall not be deemed to exist where, in accordance with paragraph 1, a net profit or loss arises from changes in the value of the covered bonds or of the underlying mortgage loans with the embedded delivery option.

Article 3

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 12 March 2014.

For the Commission
The President
José Manuel BARROSO

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/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

[1] OJ L 176, 27.6.2013, p. 338.
[2] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

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 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 ([1]),

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.

([1]) Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12).

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 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;

(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 relevant, taking into account the transitional arrangements laid down in Part Ten of that Regulation;

(f) the level of the capital conservation buffer that the institution is required to maintain in accordance with Article 129 of Directive 2013/36/EU;

(g) the level of any institution-specific countercyclical capital buffer that the institution is required to maintain in accordance with Article 130 of Directive 2013/36/EU;

(h) the level of any systemic risk buffer that the institution is required to maintain in accordance with Article 133 of Directive 2013/36/EU;

(i) the level of any G-SII buffer or O-SII buffer that the institution is required to maintain in accordance with Article 131(4) and (5) of Directive 2013/36/EU;

(j) the level of any additional own funds requirements imposed in accordance with point (a) of Article 104(1) of Directive 2013/36/EU and of any other requirements imposed relating to the institution's solvency in accordance with that Article.

3. Where the application of the relevant provisions of Regulation (EU) No 575/2013 has been waived in accordance with Articles 7, 10 or 15 of that Regulation, or the requirements set out in Articles 10 and 12 and Article 13(1) of Directive 2013/36/EU have been waived in accordance with Article 21 of that Directive 2013/36/EU, or an institution has received permission to apply the treatment referred to in Article 9(1) of Regulation (EU) No 575/2013, the competent authorities of the home Member State shall provide the information set out in paragraph 2 at the sub-consolidated level or, in accordance with Article 2 of this Regulation, at the consolidated level.

Article 6

Information concerning deposit-guarantee schemes

1. The competent authorities of the home Member State shall inform the competent authorities of a host Member State of the name of the deposit-guarantee scheme to which an institution belongs in accordance with Article 3(1) of Directive 94/19/EC of the European Parliament and of the Council [1].

2. The competent authorities of the home Member State shall provide to the competent authorities of a host Member State the following information in relation to the deposit-guarantee scheme referred to in paragraph 1:

(a) the maximum coverage of the deposit-guarantee scheme per eligible depositor;

(b) the scope of coverage and the types of deposits covered;

(c) any exclusion from the coverage, including products and types of depositors;

(d) funding arrangements of the deposit guarantee scheme, in particular whether the scheme is funded *ex-ante* or *ex-post*, and the volume of the scheme;

(e) contact details of the administrator of the scheme.

3. The information set out in paragraph 2 shall only be provided to the competent authorities of a host Member State once in relation to each deposit-guarantee scheme concerned. Where there is a change in the information provided, the competent authorities of the home Member State shall provide updated information to competent authorities of a host Member State.

Article 7

Information concerning limitation of large exposures

The competent authorities of the home Member State shall provide information to the competent authorities of a host Member State regarding any situation in respect of which the competent authorities of the home Member State have determined that an institution has not complied with applicable large exposures limits and requirements laid down in Part Four of Regulation (EU) No 575/2013. The information to be provided shall explain the situation and the supervisory measures taken or planned to be taken.

Article 8

Information regarding systemic risk posed by institution

The competent authorities of the home Member State shall inform the competent authorities of a host Member State where an institution has been designated as a global systemically important institution (G-SII) or as another systemically important institution (O-SII) in accordance with Article 131(1) of Directive 2013/36/EU. Where the institution has been identified as a G-SII, the information provided shall include the sub-category to which it is allocated.

[1] Directive 94/19/EC of the European Parliament and of the Council of 30 May 1994 on deposit-guarantee schemes (OJ L 135, 31.5.1994, p. 5).

Article 9

Information concerning administrative and accounting procedures

1. The competent authorities of the home Member State shall provide information to the competent authorities of a host Member State regarding any situation where the competent authorities of the home Member State have determined that an institution has not complied with applicable accounting standards and procedures to which the institution is subject in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council [1]. The information to be provided shall explain the situation and the supervisory measures taken or planned to be taken.

2. Where the information specified in paragraph 1 is relevant to a particular branch only, the competent authorities of the home Member State shall only provide the information to the competent authorities of the host Member State in which that branch is established.

Article 10

Information concerning internal control mechanisms

1. The competent authorities of the home Member State shall provide information to the competent authorities of a host Member State regarding any situation in respect of which the competent authorities of the home Member States have determined that an institution has not complied with requirements concerning internal control mechanisms, including risk management, risk control and internal audit arrangements pursuant to Regulation (EU) No 575/2013 and Directive 2013/36/EU. The information to be provided shall explain the situation and the supervisory measures taken or planned to be taken.

2. Where the information specified in paragraph 1 is relevant to a particular branch only, the competent authorities of the home Member State shall only provide the information to the competent authorities of the host Member State in which that branch is established.

Article 11

Information concerning leverage

1. The competent authorities of the home Member State shall provide information to the competent authorities of a host Member State regarding any situation in respect of which the competent authorities of the home Member States have determined that an institution has not complied with requirements concerning leverage ratios pursuant to Part Seven of Regulation (EU) No 575/2013 and, where relevant, taking into account the transitional provisions in Article 499 of that Regulation. The information to be provided shall explain the situation and the supervisory measures taken or planned to be taken.

2. The competent authorities of the home Member State shall provide the competent authorities of a host Member State with all information disclosed by an institution in accordance with Article 451 of Regulation (EU) No 575/2013 regarding its leverage ratio and its management of the risk of excessive leverage.

Article 12

Information concerning general non-compliance

1. The competent authorities of the home Member State shall provide information to competent authorities of a host Member State regarding any situations in respect of which the competent authorities of the home Member State have determined that an institution has not complied with national or Union law or with requirements, in relation to the prudential supervision or market conduct supervision of institutions, including the requirements laid down in Regulation (EU) No 575/2013 and Directive 2013/36/EU, other than the requirements referred to in Articles 3 to 11 of this Regulation. The information to be provided shall explain the situation and the supervisory measures taken or planned to be taken.

[1] Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (OJ L 243, 11.9.2002, p. 1).

2. Where the information specified in paragraph 1 is relevant to a particular branch only, the competent authorities of the home Member State shall only provide the information to the competent authorities of the host Member State in which that branch is established.

Article 13

Communication of supervisory measures and sanctions

1. The competent authorities of the home Member State shall inform the competent authorities of a host Member State of any of the following penalties or measures which have been imposed on or applied to an institution and which affect the operations of a branch:

(a) administrative penalties imposed or other administrative measures applied pursuant to Articles 64 to 67 of Directive 2013/36/EU;

(b) supervisory measures imposed pursuant to Articles 104 or 105 of Directive 2013/36/EU;

(c) criminal penalties imposed which relate to breaches of Regulation (EU) No 575/2013 or of the national provisions transposing Directive 2013/36/EU.

2. Where the information specified in paragraph 1 is relevant to a particular branch only, the competent authorities of the home Member State is only required to provide the information to the competent authorities of the host Member State in which that branch is established.

Article 14

Information regarding preparation for emergency situations

The competent authorities of the home Member State and the competent authorities of a host Member State shall exchange information regarding preparations for emergency situations. In particular they shall keep one another informed of the following:

(a) the emergency contact details of persons within the competent authorities who are responsible for handling emergency situations;

(b) the communication procedures that shall apply in emergency situations.

Article 15

Information from authorities of a host Member State

Without prejudice to the information exchange requirements following inspections of branches pursuant to Article 52(3) of Directive 2013/36/EU, the competent authorities of a host Member State shall provide the competent authorities of the home Member State with the following information:

(a) a description of any situation in respect of which the competent authorities have determined that an institution has not complied with national or Union law or with requirements, in relation to the prudential supervision or market conduct supervision of institutions, including the requirements of Regulation (EU) No 575/2013 and of the national provisions transposing Directive 2013/36/EU, together with an explanation of the supervisory measures taken or planned to be taken to address the non-compliance;

(b) a description of any non-compliance with the conditions under which, in the interest of the general good, the activities of the branch shall be carried out in the host Member State;

(c) any identification of systemic risk posed by the branch or its activities in the host Member State, including any assessment of the likely impact of a suspension or closure of the operations of the branch on the following:

  (i) systemic liquidity;

  (ii) payment systems;

  (iii) clearing and settlement systems;

(d) the market share of the branch where it exceeds 2 % of the total market in the host Member State in either of the following categories:

(i) deposits;

(ii) loans;

(e) any obstacles to cash and collateral transfer to or from the branch.

CHAPTER III

INFORMATION EXCHANGE REGARDING CROSS-BORDER SERVICE PROVIDERS

Article 16

Information regarding cross-border service providers

Upon receiving a request for information from the competent authorities of a host Member State in relation to an institution carrying out its activities by way of the provision of services in that host Member State, the competent authorities of the home Member State shall provide the following information:

(a) any situation in respect of which the competent authorities of the home Member State have determined that the institution has not complied with any national or Union law or with requirements, in relation to the prudential supervision or market conduct supervision of institutions, including the requirements of Regulation (EU) No 575/2013 and of the national provisions transposing Directive 2013/36/EU, together with an explanation of the supervisory measures taken or planned to be taken to address the non-compliance;

(b) the volume of deposits taken from residents of the host Member State;

(c) the volume of loans provided to the residents of the host Member State;

(d) in relation to the activities listed in Annex I to Directive 2013/36/EU which the institution has notified its wish to carry out in the host Member State by way of provision of services:

(i) the form in which the institution carries out the activities;

(ii) the activities which are the most significant in terms of the institution's activities in the host Member State;

(iii) the confirmation whether the activities identified as core business activities in the notification provided by the institution pursuant to Article 39 of Directive 2013/36/EU are being performed by an institution.

CHAPTER IV

INFORMATION EXCHANGE REGARDING INSTITUTIONS OPERATING THROUGH A BRANCH IN CASE OF LIQUIDITY STRESS AFFECTING THE INSTITUTION OR THE BRANCH ITSELF

Article 17

Scope of information exchange in liquidity stress

1. If the competent authorities of the home Member State consider that a liquidity stress has occurred, or is reasonably expected to occur, with respect to an institution they shall immediately notify the competent authorities of a host Member State and provide the information set out in paragraph 3.

2. If the competent authorities of a host Member State consider that a liquidity stress has occurred, or is reasonably expected to occur, with respect to a branch established in that Member State, they shall immediately notify the competent authorities of the home Member State and provide the information set out in paragraph 3.

3. The competent authorities shall provide the following information:

(a) a description of the situation that has occurred, including the underlying cause of the stress situation, the expected impact of the liquidity stress on the institution, and developments concerning intra-group transactions;

(b) an explanation of the measures that have been taken or are planned to be taken, whether by the competent authorities or by the institution, including any requirements imposed upon the institution by the competent authorities to mitigate the liquidity stress;

(c) the results of assessments of the systemic consequences of the liquidity stress;

(d) the latest available quantitative information regarding liquidity specified in points (c) to (h) of Article 4(1).

CHAPTER V

FINAL PROVISIONS

Article 18

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 12 March 2014.

For the Commission
The President
José Manuel BARROSO

COMMISSION DELEGATED REGULATION (EU) No 525/2014

of 12 March 2014

supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for the definition of market

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 ([1]) and in particular the third subparagraph of Article 341(3) thereof,

Whereas:

(1) General market risk is defined in Article 362 of Regulation (EU) No 575/2013 as the risk of a price change in a financial instrument, due in the case of traded debt instruments or debt derivatives to a change in the level of interest rates, or in the case of equities or equity derivatives to a broad equity-market movement unrelated to any specific attributes of individual securities.

(2) For the purposes of the general market risk calculation provided in Article 343 of Regulation (EU) No 575/2013, it is appropriate to consider that different equities are in the same market where they are subject to the same general market risk, that is, where price movements in the instrument result from local economic conditions. A 'market' should therefore be defined for these purposes by reference to an integrated economy which will typically equate to a national jurisdiction.

(3) Without prejudice to the above, the introduction of the single currency has eliminated significant elements of segmentation between equity markets in the euro area. For instance, it has eliminated foreign exchange currency risk between participating Member States and allows company results to be published in the same currency. Furthermore, the adoption of the euro has required extensive economic and legal convergence among participating Member States and is underpinned by an integrated market with common rules. These latter features are common to all Member States in the Union, but the single currency has brought about closer and deeper economic integration among participating Member States which, therefore, justifies a distinct treatment for the purposes of this Regulation. Accordingly, 'market' should be defined by reference to all equity markets within the euro area, and in relation to non-euro equity markets, at a national jurisdiction level.

(4) This Regulation is based on the draft regulatory technical standards submitted by the European Banking Authority to the Commission.

(5) The European Banking Authority 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 ([2]),

([1]) OJ L 176, 27.6.2013, p. 1.
([2]) Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12).

HAS ADOPTED THIS REGULATION:

Article 1

Definition of 'market' for the purpose of calculating the overall net position in equity instruments referred to in Article 341(2) of Regulation (EU) No 575/2013

The term 'market' shall mean:

(a) for the euro area, all equities listed in stock markets located in Member States that have adopted the euro as their currency;

(b) for non-euro Member States and third countries, all equities listed in stock markets located within a national jurisdiction.

Article 2

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 12 March 2014.

For the Commission
The President
José Manuel BARROSO

COMMISSION DELEGATED REGULATION (EU) No 526/2014

of 12 March 2014

supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for determining proxy spread and limited smaller portfolios for credit valuation adjustment risk

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) No 575/2013 of 26 June 2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, and in particular the third subparagraph of Article 383(7) thereof,

Whereas:

(1) The application of the advanced method to the determination of own funds requirements for Credit Valuation Adjustment (CVA) risk may involve counterparties for which no Credit Default Swap (CDS) spread is available. Where this is the case, institutions should use a spread that is appropriate having regard to the rating, industry and region of the counterparty (proxy spread) in accordance with the third subparagraph of Article 383(1) of Regulation (EU) No 575/2013.

(2) Rules on the determination of proxy spread for CVA risk should provide for the use of broad categories of rating, industry and region, and they should allow institutions the necessary flexibility to determine the most appropriate proxy spread based on their expert judgment.

(3) When specifying in more detail how the attributes of rating, industry and region of the single issuers should be considered by institutions when estimating an appropriate proxy spread for the determination of the own funds requirements, as required by Regulation (EU) No 575/2013, rules should be established for the consideration of those attributes by reference to minimum categories for each attribute, in order to ensure a harmonised application of those conditions.

(4) Furthermore, in the case of single issuers, where a link, such as between a regional government or local authority and the sovereign, exists, it should be possible to allow for the estimation of an appropriate proxy spread on the basis of the credit spread of a single issuer, where this leads to a more appropriate estimation.

(5) In order to lead to an appropriate computation of the CVA risk charge, a proxy spread should be determined using data that has been observed in a liquid market, and assumptions regarding data, such as interpolation and extrapolation of data relating to different tenors, should be conceptually sound.

(6) In order to ensure convergence of practices among institutions and to avoid inconsistencies, considering that implied probabilities of default (PDs), Credit Default Swaps (CDS) spreads and loss given default (LGD) constitute one equation with two unknown variables and that the market convention is to use a fixed value for LGD in order to derive implied PDs from market spreads, institutions should use a value for LGD_{MKT} that is consistent with the fixed LGD commonly used by market participants for determining implied PDs from those liquid traded credit spreads that have been used to determine the proxy credit spread for the counterparty in question.

(7) For the purposes of permission to use the advanced CVA method for a limited number of smaller portfolios, it is appropriate to consider a portfolio as a netting set as defined in Article 272(4) of Regulation (EU) No 575/2013 the number of non-internal model method ('IMM') transactions subject to the CVA risk charge and the size of

non-IMM netting sets subject to the CVA risk charge, and to limit them in terms of a percentage of the total number of all transactions subject to the CVA risk charge and a percentage of the total size of all netting sets subject to the calculation of CVA risk charge, in order to take account of the different dimensions of institutions.

(8) In order to mitigate possible discontinuities in the use of the advanced CVA method for a limited number of smaller portfolios, the use of the advanced CVA method should cease only when quantitative limits are breached for two consecutive quarters.

(9) Further, in order to render it possible for competent authorities to perform their supervisory duties in an efficient manner, they should be able to know when the requirement of a limited number of smaller portfolios is no longer met; hence institutions should notify competent authorities in those cases.

(10) This Regulation is based on the draft regulatory technical standards submitted by the European Banking Authority to the Commission.

(11) The European Banking Authority 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 [1],

HAS ADOPTED THIS REGULATION:

Article 1

Determining an appropriate proxy spread

1. The proxy spread for a given counterparty shall be deemed appropriate having regard to the rating, industry and region of the counterparty according to the fourth subparagraph of Article 383(1) of Regulation (EU) No 575/2013, where the following conditions are satisfied:

(a) the proxy spread has been determined by considering all of the attributes of rating, industry and region of the counterparty as specified in points (b), (c) and (d);

(b) the attribute of rating has been determined by considering the use of a predetermined hierarchy of sources of internal and external ratings. Ratings shall be mapped to credit quality steps, as referred to in Article 384(2) of Regulation (EU) No 575/2013. In cases where multiple external ratings are available their mapping to credit quality steps shall follow the approach for multiple credit assessments set out in Article 138 of that Regulation;

(c) the attribute of industry has been determined by considering at least the following categories:

  (i) public sector;

  (ii) financial sector;

  (iii) others;

(d) the attribute of region has been determined by considering at least the following categories:

  (i) Europe;

  (ii) North America;

  (iii) Asia;

  (iv) rest of the world;

[1] Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12).

(e) the proxy spread reflects in a representative way available credit default swap spreads and spreads of other liquid traded credit risk instruments, corresponding to the relevant combination of applicable categories and satisfying the data quality criteria referred to in paragraph 3;

(f) the appropriateness of the proxy spread is determined with reference to the volatility rather than to the level of the spread.

2. In the process of considering the attributes of rating, industry and region of the counterparty in accordance with paragraph 1, the estimation of the proxy spread shall be deemed appropriate for a regional government or local authority based on the credit spread of the relevant sovereign issuer where either of the following conditions are met:

(a) the regional government or local authority and the sovereign have the same ratings;

(b) there is no rating for the regional government or local authority.

3. All inputs used in the determination of a proxy spread shall be based on reliable data observed on a liquid two-way market as defined in second subparagraph of Article 338(1) of Regulation (EU) No 575/2013. Sufficient data shall be available to generate proxy spreads for all relevant tenors and for the historical periods referred to in Article 383(5) of that Regulation.

Article 2

Identification of LGD_{MKT}

In order to identify the loss given default of the counterparty (LGD_{MKT}) for the purposes of calculating the own funds requirements for CVA risk according to the advanced method for a counterparty requiring the use of a proxy spread, institutions shall use a value for LGD_{MKT} that is consistent with the fixed LGDs commonly used by market participants for determining implied PDs from those market spreads that have been used to determine the proxy spread for the counterparty in question in accordance with Article 1.

Article 3

Quantitative limits on the number and size of qualifying portfolios

1. To fulfil the criterion of a limited number of smaller portfolios referred to in Article 383(4) of Regulation (EU) No 575/2013, all of the following conditions shall be satisfied:

(a) the number of all non-IMM transactions subject to the CVA risk charge shall not exceed 15 % of the total number of transactions subject to the CVA risk charge;

(b) the size of each individual non-IMM netting set subject to the CVA risk charge shall not exceed 1 % of the total size of all netting sets subject to the CVA risk charge;

(c) the total size of all non-IMM netting sets subject to the CVA risk charge shall not exceed 10 % of the total size of all netting sets subject to the CVA risk charge.

2. For the purpose of points (b) and (c) of paragraph 1, the size of a netting set shall be the exposure at default of the netting set calculated using the mark-to-market method referred to in Article 274 of Regulation (EU) No 575/2013 by taking account of the effects of netting, in accordance with Article 298 of that Regulation, but not the effects of collateral.

3. For the purpose of paragraph 1, an institution shall calculate, for each quarter, the arithmetical average of at least monthly observations of the ratios of the following:

(a) the number of non-IMM transactions to the total number of transactions;

(b) the individual size of the largest non-IMM netting set to the total size of all netting sets; and

(c) the total size of all non-IMM netting sets to the total size of all netting sets.

4. Where the criterion specified in paragraph 1 is not fulfilled for two consecutive calculations referred to in paragraph 3, an institution shall use the standardised method set out in Article 384 of Regulation (EU) No 575/2013 to calculate the own funds requirements for CVA risk for all of the non-IMM netting sets and notify the competent authorities.

5. The conditions set out in paragraph 1 shall be applied on an individual, a sub-consolidated or a consolidated basis, depending on the scope of the permission to use the internal model method referred to in Article 283 of Regulation (EU) No 575/2013.

Article 4

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 12 March 2014.

For the Commission
The President
José Manuel BARROSO

COMMISSION DELEGATED REGULATION (EU) No 527/2014

of 12 March 2014

supplementing Directive (EU) No 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the classes of instruments that adequately reflect the credit quality of an institution as a going concern and are appropriate to be used for the purposes of variable remuneration

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

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

Having regard to Directive (EU) No 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 94(2) thereof,

Whereas:

(1) Variable remuneration awarded in instruments should promote sound and effective risk management and should not encourage risk-taking that exceeds the level of tolerated risk of the institution. Therefore classes of instruments which can be used for the purposes of variable remuneration should align the interests of staff with the interests of shareholders, creditors and other stakeholders by providing incentives for staff to act in the long-term interest of the institution and not to take excessive risks.

(2) In order to ensure that there is a strong link to the credit quality of an institution as a going concern, instruments used for the purposes of variable remuneration should contain appropriate trigger events for write down or conversion which reduce the value of the instruments in situations where the credit quality of the institution as a going concern has deteriorated. The trigger events used for remuneration purposes should not change the level of subordination of the instruments and therefore should not lead to a disqualification of Additional Tier 1 or Tier 2 instruments as own funds instruments.

(3) While the conditions which apply to Additional Tier 1 and Tier 2 instruments are specified in Articles 52 and 63 of Regulation (EU) No 575/2013 of the European Parliament and of the Council [2], the other instruments referred to in point (l)(ii) of Article 94(1) of Directive 2013/36/EU which can be fully converted to Common Equity Tier 1 instruments or written down are not subject to specific conditions pursuant to that Regulation as they are not classified as own funds instruments for prudential purposes. Specific requirements should therefore be set for different classes of instruments to ensure that they are appropriate to be used for the purposes of variable remuneration, taking account of the different nature of the instruments. The use of instruments for the purposes of variable remuneration should not in itself prevent instruments from qualifying as own funds of an institution as long as the conditions laid down in Regulation (EU) No 575/2013 are met. Nor should such use in itself be understood as providing an incentive to redeem the instrument, as after deferral and retention periods staff members are, in general, able to receive liquid funds by other means than redemption.

(4) Other Instruments comprise non-cash debt instruments or debt-linked instruments that do not qualify as own funds. Other Instruments are not limited to financial instruments as defined in point 50 of Article 4(1) of Regulation (EU) No 575/2013, but can also include further non-cash instruments, which could be included in agreements between the institution and staff members. To ensure that these instruments reflect the credit quality of an institution as a going concern, appropriate requirements should ensure that the circumstances in which such instruments are written down or converted extend beyond recovery or resolution situations.

[1] OJ L 176, 27.6.2013, p. 338.
[2] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

(5) When instruments used for the purposes of variable remuneration are called, redeemed, repurchased or converted, in general such transactions should not increase the value of the remuneration awarded by paying out amounts that are higher than the value of the instrument or by converting into instruments which have a higher value than the instrument initially awarded. This is to ensure that remuneration is not paid through vehicles or methods that facilitate non-compliance with Article 94(1) of Directive 2013/36/EU.

(6) When awarding variable remuneration and when instruments used for variable remuneration are redeemed, called, repurchased or converted, those transactions should be based on values that have been established in accordance with the applicable accounting standard. A valuation of the instruments should therefore be required in all these situations in order to ensure that the requirements of Directive 2013/36/EU regarding remuneration are not circumvented, in particular as regards the ratio between variable and fixed components of remuneration and the alignment with risk taking.

(7) Article 54 of Regulation (EU) No 575/2013 sets out the write-down and conversion mechanisms for Additional Tier 1 instruments. Additionally, point (l)(ii) of Article 94(1) of Directive 2013/36/EU requires that Other Instruments can be fully converted into Common Equity Tier 1 instruments or written down. As the economic outcome of a conversion or write-down of Other Instruments is the same as for Additional Tier 1 instruments, write-down or conversion mechanisms for Other Instruments should take into account the mechanisms that apply to Additional Tier 1 instruments, with adaptations to take account of the fact that Other Instruments do not qualify as own fund instruments from a prudential perspective. Tier 2 instruments are not subject to regulatory requirements regarding write-down and conversion under Regulation (EU) No 575/2013. To ensure that the value of all such instruments, when used for variable remuneration, is reduced when the credit quality of the institution deteriorates, the situations in which a write-down or conversion of the instrument is necessary should be specified. The write down, write up and conversion mechanisms for Tier 2 and Other Instruments should be specified to ensure consistent application.

(8) Distributions arising from instruments can take various forms. They can be variable or fixed and can be paid periodically or at the final maturity of an instrument. In line with guidelines on remuneration policies and practices issued by the Committee of European Banking Supervisors ([1]), in order to promote sound and effective risk management no distributions should be paid to staff during deferral periods. Staff members should only receive distributions in respect of periods which follow the vesting of the instrument. Therefore only instruments with distributions which are paid periodically to the owner of the instrument are appropriate for use as variable remuneration; zero coupon bonds or instruments which retain earnings should not count towards the substantial portion of remuneration which must consist of a balance of the instruments referred to in point (l) of Article 94(1) of Directive 2013/36/EU. This is because staff would benefit during the deferral period from increasing values, which can be understood as equivalent to receiving distributions.

(9) Very high distributions can reduce the long-term incentive for prudent risk-taking as they effectively increase the variable part of the remuneration. In particular distributions should not be paid out at intervals of longer than one year, as this would lead to distributions effectively accumulating during deferral periods and being paid out once the variable remuneration vests. Accumulation of distributions would circumvent point (g) of Article 94(1) of Directive 2013/36/EU regarding the ratio between variable and fixed components of remuneration and the principle in point (m) of that Article that remuneration payable under deferral arrangements vests no faster than on a pro rata basis. Therefore distributions made after the instrument has vested should not exceed market rates. This should be ensured by requiring instruments used for variable remuneration, or the instruments to which they are linked, to be issued mainly to other investors, or by requiring such instruments to be subject to a cap on distributions.

(10) Deferral and retention requirements which apply to awards of variable remuneration pursuant to Article 94(1) of Directive 2013/36/EU have to be met at all relevant times, including when instruments used for variable remuneration are called, redeemed, repurchased or converted. In such situations instruments should therefore be exchanged with Additional Tier 1, Tier 2 and Other Instruments which reflect the credit quality of the institution as a going concern, have features equivalent to those of the instrument initially awarded, and are of the same value, taking into account any amounts which have been written down. Where instruments other than Additional Tier 1 instruments have a fixed maturity date minimum requirements should be set for the remaining maturity of

([1]) Committee of European Banking Supervisors: Guidelines on Remuneration Policies and Practices of 10 December 2010.

such instruments when they are awarded in order to ensure that they are consistent with requirements regarding the deferral and retention periods for variable remuneration.

(11) Directive 2013/36/EU does not limit the classes of instruments that can be used for variable remuneration to a specific class of financial instruments. It should be possible to use synthetic instruments or contracts between staff members and institutions which are linked to Additional Tier 1 and Tier 2 instruments which can be fully converted or written down. This allows for the introduction of specific conditions in the terms of such instruments which apply only to instruments awarded to staff, without the need to impose such conditions on other investors.

(12) In a group context issuances may be managed centrally within a parent undertaking. Institutions within such a group may not, therefore, always issue instruments which are appropriate to be used for the purpose of variable remuneration. Regulation (EU) No 575/2013 enables Additional Tier 1 and Tier 2 instruments issued through an entity within the scope of consolidation to form part of an institution's own funds subject to certain conditions. Therefore it should also be possible to use such instruments for the purpose of variable remuneration, provided that there is a clear link between the credit quality of the institution using these instruments for the purpose of variable remuneration and the credit quality of the issuer of the instrument. Such a link can usually be assumed to be the case between a parent undertaking and a subsidiary. Instruments other than Additional Tier 1 and Tier 2 instruments which are not issued directly by an institution should also be capable of being used for variable remuneration, subject to equivalent conditions. Instruments which are linked to reference instruments issued by parent undertakings in third countries and which are equivalent to Additional Tier 1 or Tier 2 instruments should be eligible to be used for the purposes of variable remuneration if the trigger event refers to the institution using such a synthetic instrument.

(13) This Regulation is based on the draft regulatory technical standards submitted by the European Banking Authority (EBA) to the European Commission.

(14) EBA has conducted open public consultations on the draft regulatory technical standards, 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 [1],

HAS ADOPTED THIS REGULATION:

Article 1

Classes of instruments that adequately reflect the credit quality of an institution as a going concern and are appropriate to be used for the purposes of variable remuneration

1. The following shall be the classes of instruments that satisfy the conditions laid down in point (l)(ii) of Article 94(1) of Directive 2013/36/EU:

(a) classes of Additional Tier 1 instruments where those classes fulfil the conditions referred to in paragraph 2 and Article 2, and comply with Article 5(9) and point (c) of Article 5(13);

(b) classes of Tier 2 instruments where those classes fulfil the conditions referred to in paragraph 2 and Article 3, and comply with Article 5;

(c) classes of instruments which can be fully converted to Common Equity Tier 1 instruments or written down and which are neither Additional Tier 1 instruments nor Tier 2 instruments ('Other Instruments') in the cases referred to in Article 4 where those classes fulfil the conditions referred to in paragraph 2 and comply with Article 5.

[1] Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12).

2. The classes of instruments referred to in paragraph 1 shall fulfil the following conditions:

(a) instruments shall not be secured or subject to a guarantee that enhances the seniority of the claims of the holder;

(b) where the provisions governing an instrument allow its conversion, that instrument shall only be used for the purposes of awarding variable remuneration where the rate or range of conversion is set at a level that ensures that the value of the instrument into which the instrument initially awarded is converted is not higher than the value of the instrument initially awarded at the time it was awarded as variable remuneration;

(c) the provisions governing convertible instruments which are used for the sole purpose of variable remuneration shall ensure that the value of the instrument into which the instrument initially awarded is converted is not higher than the value, at the time of that conversion, of the instrument initially awarded;

(d) the provisions governing the instrument shall provide that any distributions are paid on at least an annual basis and are paid to the holder of the instrument;

(e) instruments shall be priced at their value at the time the instrument is awarded, in accordance with the applicable accounting standard. The valuation shall take into account the credit quality of the institution and shall be subject to independent review;

(f) the provisions governing the instruments issued for the sole purpose of variable remuneration shall require a valuation to be carried out in accordance with the applicable accounting standard in the event that the instrument is redeemed, called, repurchased or converted.

Article 2

Conditions for classes of Additional Tier 1 instruments

Classes of Additional Tier 1 instruments shall comply with the following conditions:

(a) the provisions governing the instrument shall specify a trigger event for the purpose of point (n) of Article 52(1) of Regulation (EU) No 575/2013;

(b) the trigger event referred to in point (a) occurs when the Common Equity Tier 1 capital ratio of the institution issuing the instrument, referred to in point (a) of Article 92(1) of Regulation (EU) No 575/2013, falls below either of the following:

  (i) 7 %;

  (ii) a level higher than 7 %, where determined by the institution and specified in the provisions governing the instrument;

(c) one of the following requirements is met:

  (i) the instruments are issued for the sole purpose of being awarded as variable remuneration and the provisions governing the instrument ensure that any distributions are paid at a rate which is consistent with market rates for similar instruments issued by the institution or by institutions of comparable nature, scale, complexity and credit quality and which in any case is, at the time the remuneration is awarded, no higher than 8 percentage points above the annual average rate of change for the Union published by the Commission (Eurostat) in its Harmonised Indices of Consumer Prices published pursuant to Article 11 of Council Regulation (EC) No 2494/95 [1]. Where the instruments are awarded to staff members who perform the predominant part of their professional activities outside the Union and the instruments are denominated in a currency issued by a third country, institutions may use a similar independently-calculated index of consumer prices produced in respect of that third country;

  (ii) at the time of the award of the instruments as variable remuneration, at least 60 % of the instruments in issuance were issued other than as an award of variable remuneration and are not held by the following or by any undertaking that has close links with the following:

    — the institution or its subsidiaries,

    — the parent undertaking of the institution or its subsidiaries,

[1] Council Regulation (EC) No 2494/95 of 23 October 1995 concerning harmonized indices of consumer prices (OJ L 257, 27.10.1995, p. 1).

— the parent financial holding company or its subsidiaries,

— the mixed activity holding company or its subsidiaries,

— the mixed financial holding company and its subsidiaries.

Article 3

Conditions for classes of Tier 2 instruments

Classes of Tier 2 instruments shall comply with the following conditions:

(a) at the time of the award of the instruments as variable remuneration, the remaining period before maturity of the instruments shall be equal to or exceed the sum of the deferral periods and retention periods that apply to variable remuneration in respect of the award of those instruments;

(b) the provisions governing the instrument provide that, upon the occurrence of a trigger event the principal amount of the instruments shall be written down on a permanent or temporary basis or the instrument shall be converted to Common Equity Tier 1 instruments;

(c) the trigger event referred to in point (b) occurs where the Common Equity Tier 1 capital ratio of the institution issuing the instrument, referred to in point (a) of Article 92(1) of Regulation (EU) No 575/2013, falls below either of the following:

(i) 7 %;

(ii) a level higher than 7 %, where determined by the institution and specified in the provisions governing the instrument;

(d) one of the requirements in point (c) of Article 2 is met.

Article 4

Conditions for classes of Other Instruments

1. Under the conditions laid down in point (c) of Article 1(1), Other Instruments satisfy the conditions laid down in point (l)(ii) of Article 94(1) of Directive 2013/36/EU in each of the following cases:

(a) the Other Instruments fulfil the conditions referred to in paragraph 2;

(b) the Other Instruments are linked to an Additional Tier 1 instrument or Tier 2 instrument and fulfil the conditions referred to in paragraph 3;

(c) the Other Instruments are linked to an instrument which would be an Additional Tier 1 instrument or Tier 2 instrument but for the fact that it is issued by a parent undertaking of the institution which is outside the scope of consolidation pursuant to Chapter 2 of Title II of Part One of Regulation (EU) No 575/2013 and the Other Instruments fulfil the conditions in paragraph 4.

2. The conditions referred to in point (a) of paragraph 1 are the following:

(a) the Other Instruments shall be issued directly or through an entity included within the group consolidation pursuant to Chapter 2 of Title II of Part One of Regulation (EU) No 575/2013, provided that a change to the credit quality of the issuer of the instrument can reasonably be expected to lead to a similar change to the credit quality of the institution using the Other Instruments for the purpose of variable remuneration;

(b) the provisions governing the Other Instruments do not give the holder the right to accelerate the scheduled payment of distributions or principal other than in the case of the insolvency or liquidation of the institution;

(c) at the time of the award of the Other Instruments as variable remuneration the remaining period before maturity of the Other Instruments is equal to or exceeds the sum of the deferral periods and retention periods that apply in respect of the award of those instruments;

(d) the provisions governing the instrument provide that, upon the occurrence of a trigger event the principal amount of the instruments shall be written down on a permanent or temporary basis or the instrument shall be converted to Common Equity Tier 1 instruments;

(e) the trigger event referred to in point (d) occurs when the Common Equity Tier 1 capital ratio of the institution issuing the instrument referred to in point (a) of Article 92(1) of Regulation (EU) No 575/2013 falls below either of the following:

(i) 7 %;

(ii) a level higher than 7 %, where determined by the institution and specified in the provisions governing the instrument;

(f) one of the requirements in point (c) of Article 2 is met.

3. The conditions referred to in point (b) of paragraph 1 are the following:

(a) the Other Instruments fulfil the conditions in points (a) to (e) of paragraph 2;

(b) the Other Instruments are linked to an Additional Tier 1 or Tier 2 instrument issued through an entity included within the group consolidation pursuant to Chapter 2 of Title II of Part One of Regulation (EU) No 575/2013 (the 'reference instrument');

(c) the reference instrument fulfils the conditions of points (c) and (f) of paragraph 2 at the time that the instrument is awarded as variable remuneration;

(d) the value of an Other Instrument is linked to the reference instrument such that it is at no time more than the value of the reference instrument;

(e) the value of any distributions paid after the Other Instrument has vested is linked to the reference instrument such that distributions paid are at no time more than the value of any distributions paid under the reference instrument;

(f) the provisions governing the Other Instruments provide that if the reference instrument is called, converted, repurchased or redeemed within the deferral or retention period the Other Instruments shall be linked to an equivalent reference instrument which fulfils the conditions in this Article such that the total value of the Other Instruments does not increase.

4. The conditions referred to in point (c) of paragraph 1 are the following:

(a) the competent authorities have determined for the purpose of Article 127 of Directive 2013/36/EU that the institution that issues the instrument to which the other instruments are linked is subject to consolidated supervision by a third-country supervisory authority which is equivalent to that governed by the principles set out in that Directive and the requirements of Chapter 2 of Title II of Part One of Regulation (EU) No 575/2013;

(b) the Other Instruments fulfil the conditions referred to in points (a) and points (c) to (f) of paragraph 3.

Article 5

Write down, write up and conversion procedures

1. For the purpose of point (b) of Article 3 and point (d) of Article 4(2) the provisions governing Tier 2 instruments and Other Instruments shall comply with the procedures and timing laid down in paragraphs 2 to 14 for calculating the Common Equity Tier 1 capital ratio and the amounts to be written down, written up or converted. The provisions governing Additional Tier 1 instruments shall comply with the procedures laid down in paragraph 9 and point (c) of paragraph 13 in respect of amounts to be written down, written up or converted.

2. Where the provisions governing Tier 2 and Other Instruments require the instruments to be converted into Common Equity Tier 1 instruments upon the occurrence of a trigger event, those provisions shall specify either of the following:

(a) the rate of that conversion and a limit on the permitted amount of conversion;

(b) a range within which the instruments will convert into Common Equity Tier 1 instruments.

3. Where the provisions governing the instruments provide that their principal amount shall be written down upon the occurrence of a trigger event, the write-down shall permanently or temporarily reduce all the following:

(a) the claim of the holder of the instrument in the insolvency or liquidation of the institution;

(b) the amount to be paid in the event of the call or redemption of the instrument;

(c) the distributions made on the instrument.

4. Any distributions payable after a write-down shall be based on the reduced amount of the principal.

5. Write-down or conversion of the instruments shall, under the applicable accounting framework, generate items that qualify as Common Equity Tier 1 items.

6. Where the institution has established that the Common Equity Tier 1 ratio has fallen below the level that activates conversion or write-down of the instrument the management body or any other relevant body of the institution shall be required to determine without delay that a trigger event has occurred and there shall be an irrevocable obligation to write-down or convert the instrument.

7. The aggregate amount of instruments that is required to be written down or converted upon the occurrence of a trigger event shall be no less than the lower of the following:

(a) the amount required to fully restore the Common Equity Tier 1 ratio of the institution to the percentage set as the trigger event in the provisions governing the instrument;

(b) the full principal amount of the instrument.

8. Where a trigger event occurs, institutions shall be required to do the following:

(a) inform the staff members who have been awarded the instruments as variable remuneration and the persons who continue to hold such instruments;

(b) write down the principal amount of the instruments, or convert the instruments into Common Equity Tier 1 instruments as soon as possible and within a maximum period of one month in accordance with the requirements laid down in this Article.

9. Where Additional Tier 1 instruments, Tier 2 instruments and Other Instruments include an identical trigger level, the principal amount shall be written down or converted on a pro rata basis to all holders of such instruments which are used for the purposes of variable remuneration.

10. The amount of the instrument to be written down or converted shall be subject to independent review. That review shall be completed as soon as possible and shall not create impediments for the institution to write-down or convert the instrument.

11. An institution issuing instruments that convert to Common Equity Tier 1 on the occurrence of a trigger event shall be required to ensure that its authorised share capital is at all times sufficient to convert all such convertible instruments into shares if a trigger event occurs. The institution shall be required to maintain at all times the necessary prior authorisation to issue the Common Equity Tier 1 instruments into which such instruments would convert upon the occurrence of a trigger event.

12. An institution issuing instruments that convert to Common Equity Tier 1 on the occurrence of a trigger event shall be required to ensure that there are no procedural impediments to that conversion by virtue of its incorporation or statutes or contractual arrangements.

13. In order for the write-down of an instrument to be considered temporary, all of the following conditions shall be met:

(a) write-ups shall be based on profits after the issuer of the instrument has taken a formal decision confirming the final profits;

(b) any write-up of the instrument or payment of coupons on the reduced amount of the principal shall be operated at the full discretion of the institution subject to the constraints arising from points (c), (d) and (e) and the institution shall not be obliged to operate or accelerate a write-up under specific circumstances;

(c) a write-up shall be operated on a pro rata basis among Additional Tier 1 instruments, Tier 2 instruments and Other Instruments used for the purpose of variable remuneration that have been subject to a write-down;

(d) the maximum amount to be attributed to the sum of the write-up of Tier 2 and Other Instruments together with the payment of coupons on the reduced amount of the principal shall be equal to the profit of the institution multiplied by the amount obtained by dividing the amount determined in point (i) by the amount determined in point (ii):

(i) the sum of the nominal amount of all Tier 2 instruments and other instruments of the institution before write-down that have been subject to a write-down;

(ii) the sum of own funds and of the nominal amount of Other Instruments used for the purpose of variable remuneration of the institution;

(e) the sum of any write-up amounts and payments of coupons on the reduced amount of the principal shall be treated as a payment that results in a reduction of Common Equity Tier 1 and shall be subject, together with other distributions on Common Equity Tier 1 instruments, to the restrictions relating to the Maximum Distributable Amount as laid down in Article 141(2) of Directive 2013/36/EU.

14. For the purposes of point (d) of paragraph 13, the calculation shall be made at the moment when the write-up is operated.

Article 6

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 12 March 2014.

For the Commission

The President

José Manuel BARROSO

COMMISSION DELEGATED REGULATION (EU) No 528/2014

of 12 March 2014

supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for non-delta risk of options in the standardised market risk approach

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 ([1]), and in particular the third subparagraph of Article 329(3), the third subparagraph of Article 352(6) and the third subparagraph of Article 358(4) thereof.

Whereas:

(1) In light of the mandate contained in Regulation (EU) No 575/2013 to develop a range of methods to reflect other risks, apart from delta risk, in the own funds requirements of institutions, 'in a manner proportionate to the scale and complexity of institutions' activities in options and warrants', it is appropriate to design approaches with different levels of sophistication and risk sensitivity which may be suitable for different profiles of institutions. It is, therefore, appropriate to provide for the following three approaches in order of increasing complexity to measure non-delta risks of options and warrants: (i) the simplified approach; (ii) the delta-plus approach; and (iii) the scenario approach. This framework based on three approaches largely implements the non-delta-risk framework provided for by the Basel Committee for Banking Supervision (BCBS), with the necessary adjustments to take into account Regulation (EU) No 575/2013. That has the added benefit of ensuring consistency between Union rules and internationally agreed minimum standards.

(2) Given it is necessary to provide institutions that apply the delta-plus approach the possibility of treating non-continuous options in a more risk-sensitive way, institutions should be able to combine the approaches provided for the measurement of the risk of options and warrants under certain conditions, not only within groups but also within single legal entities. Nevertheless, in order to avoid the possibility of selective application of approaches by institutions with the view to minimizing their own funds requirements, the combination of approaches on an individual basis should only be allowed on the condition that institutions specify the scope of application of each approach before beginning to use it, so as to apply it consistently over time.

(3) Non-delta risks related to options and warrants can include, but are not limited to, risks arising from changes in the instrument's gamma referred to as 'gamma risk' or 'convexity risk' as set out in Article 4(1)(a) of this Regulation, risks arising from changes in its vega referred to as 'vega risk' or 'volatility risk' as set out in Article 4(1)(b) of this Regulation, risks arising from changes in interest rates referred to as 'interest rate risk' or 'rho risk', nonlinearities which cannot be captured by gamma risk and the risk of implied correlation on basket options or warrants. Of those risks, only the gamma and vega risks are of such materiality that justify the imposition of own funds capital requirements, even for the more complex institutions and, therefore, only those types of risks should be covered in the calculation of own funds requirements. Regulation (EU) No 575/2013 requires institutions to obtain prior permission from their competent authority to use an internal model to calculate delta. However, the use of non-delta risk approaches is to be monitored and assessed under the supervisory review and evaluation process of institutions set out by the provisions of Directive 2013/36/EU of the European Parliament and of the Council ([2]). Furthermore, the greater complexity of the scenario approach necessitates closer monitoring by competent authorities and hence, its use by institutions should be subject to specified conditions of application, both prior to its first use and on an on-going basis.

([1]) OJ L 176, 27.6.2013, p. 1.

([2]) 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 (OJ L 176, 27.6.2013, p. 338).

(4) Given that Article 330 of Regulation (EU) No 575/2013 concerning the treatment of fixed-to-floating interest-rate swaps applies only for interest rate risk purposes, it should not be taken into consideration for certain financial instruments such as swaptions.

(5) The provisions in this Regulation are closely linked, since they all deal with the measurement of non-delta risks of options and warrants related to different underlyings. To ensure coherence between those provisions, which should enter into force at the same time, and to facilitate a comprehensive view and compact access to them by persons subject to those obligations, it is desirable to include all the regulatory technical standards required by Regulation (EU) No 575/2013 on this matter in a single Regulation.

(6) This Regulation is based on the draft regulatory technical standards submitted by the European Banking Authority to the Commission.

(7) The European Banking Authority 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 [1],

HAS ADOPTED THIS REGULATION:

Article 1

Determination of the Own funds requirements for the non-delta risk of options and warrants

1. Institutions shall calculate their own funds requirements for market risk in relation to the non-delta risk of options or warrants as required by Article 329(3), Article 352(6) and Article 358(4) of Regulation (EU) No 575/2013, according to one of the following approaches:

(a) the simplified approach as set out in Articles 2 and 3 of this Regulation;

(b) the delta plus approach as set out in Articles 4, 5 and 6 of this Regulation;

(c) the scenario approach as set out in Articles 7, 8 and 9 of this Regulation.

2. When calculating own funds requirements on a consolidated basis institutions may combine the use of different approaches.On an individual basis, institutions may only combine the scenario approach and the delta plus approach subject to the conditions established in Articles 4 to 9.

3. For the purposes of the calculation referred to in paragraph 1, institutions shall take the following steps:

(a) break down baskets of options or warrants into their fundamental components;

(b) break down caps and floors or other options which relate to interest rates at various dates, into a chain of independent options referring to different time periods ('caplet' and 'floorlets');

(c) treat options or warrants on fixed-to-floating interest rates swaps into options or warrants on the fixed interest leg of the swap;

(d) treat options or warrants that relate to more than one underlying among those described in Article 5(3), as a basket of options or warrants where each option has a single distinct underlying.

Article 2

Conditions for application of the simplified approach

Institutions that only purchase options and warrants may only use the simplified approach

Article 3

Determination of own funds requirements according to the simplified approach

1. Institutions applying the simplified approach shall calculate the own funds requirements relative to non-delta risks of call and put options or warrants as the higher amount between zero and the difference between the following values:

(a) the gross amount, as described in paragraphs 2 to 5;

[1] Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12).

(b) the risk weighted delta equivalent amount, which shall be calculated as the market value of the underlying instrument, multiplied by the delta and then multiplied by one of the following relevant weightings:

(i) for specific and general equity risk or interest rate risk, according to of Part Three, Title IV, Chapter 2 of Regulation (EU) No 575/2013;

(ii) for commodity risk, according to Part Three, Title IV, Chapter 4 of Regulation (EU) No 575/2013; and

(iii) for foreign exchange risk, according to Part Three, Title IV, Chapter 3 of Regulation (EU) No 575/2013.

2. For options or warrants which fall under one of the following two categories, the gross amount referred to in paragraph 1 shall be determined according to paragraphs 3 to 4:

(a) where the buyer has the unconditional right to buy the underlying asset at a predetermined price at the expiration date or at any time before the expiration date, and where the seller has the obligation to fulfil the buyer's demand ('simple call options or warrants');

(b) where the buyer has the unconditional right to sell the underlying asset in the same manner as described in point (a) ('simple put options or warrants').

3. The gross amount referred to in paragraph 1 shall be calculated as the maximum between zero and the market value of the underlying security multiplied by the sum of specific and general market risk own funds requirements for the underlying minus the amount of the profit, if any, resulting from the instant execution of the option ('in the money'), where one of the following conditions is met:

(a) the option or warrant incorporates a right to sell the underlying asset ('long put') and is combined with holdings in the underlying asset ('long position in the underlying instrument');

(b) the option or warrant incorporates a right to buy the underlying asset ('long call') and is combined with the promise to sell holdings in the underlying instrument ('short position in the underlying asset').

4. Where the option or warrant incorporates a right to buy the underlying asset ('long call') or a right to sell the underlying asset ('long put'), the gross amount referred to in paragraph 1 shall be the lesser of the following two amounts:

(a) the market value of the underlying security multiplied by the sum of specific and general market risk requirements for the underlying asset;

(b) the value of the position determined by the mark-to-market method or the mark-to-model method as provided in points (b) and (c) of Article 104(2) of Regulation (EU) No 575/2013 ('market value of the option or warrant').

5. For all types of options or warrants which do not have the characteristics referred to in paragraph 2, the gross amount referred to in paragraph 1 shall be the market value of the option or warrant.

Article 4

Overview of determination of own funds requirements according to the Delta-plus approach

1. Where institutions opt to apply the Delta-plus approach, for options and warrants whose gamma is a continuous function in the price of the underlying and whose vega is a continuous function in the implied volatility ('continuous options and warrants'), the own funds requirements for non-delta risks on options or warrants shall be calculated as the sum of the following requirements:

(a) the own funds requirements relating to the partial derivative of delta with reference to the price of the underlying which, for bond options or warrants is the partial derivative of delta with reference to the yield-to-maturity of the underlying bond, and for swaptions is the partial derivative of the delta with reference to the swap rate;

(b) the requirement relating to the first partial derivative of the value of an option or warrant, with reference to the implied volatility.

2. Implied volatility shall be taken to be the value of the volatility in the option or warrant pricing formula for which, given a certain pricing model and given the level of all other observable pricing parameters, the theoretical price of the option or warrant is equal to its market value, where 'market value' is understood in the manner described in Article 3(4).

3. The own funds requirements for non-delta risks related to non-continuous options or warrants shall be determined as follows:

(a) where the options or warrants have been bought, as the maximum amount between zero and the difference between the following values:

(i) the market value of the option or warrant, understood in the manner described in Article 3(4);

(ii) the risk weighted delta equivalent amount, understood in the manner described in Article 3(1)(b);

(b) where the options or warrants have been sold, as the maximum between zero and the difference between the following amounts:

(i) the relevant market value of the underlying asset, which shall be taken to be either the maximum possible payment at expiry date, if it is contractually fixed, or the market value of the underlying asset or the effective notional value if no maximum possible payment is contractually fixed;

(ii) the risk weighted delta equivalent amount, understood in the manner described in Article 3(1)(b).

4. The value for gamma and vega used in the calculation of own funds requirements shall be calculated using an appropriate pricing model as referred to in Article 329(1), Article 352(1) and Article 358(3) of Regulation (EU) No 575/2013 Where either gamma or vega cannot be calculated in accordance with this paragraph, the capital requirement on non-delta risks shall be calculated according to paragraph 3.

Article 5

Determination of the Own funds requirements for gamma risk according to the Delta-plus approach

1. For the purposes of Article 4(1)(a), the own funds requirements for gamma risk shall be calculated by a process consisting of the following sequence of steps:

(a) for each individual option or warrant a gamma impact shall be calculated;

(b) the gamma impacts of individual options or warrants which refer to the same distinct underlying type shall be summed up;

(c) the absolute value of the sum of all of the negative values resulting from step (b) shall provide the own funds requirements for gamma risk. Positive values resulting from step (b) shall be disregarded.

2. For the purpose of the step in point (a) of paragraph 1, gamma impacts shall be calculated in accordance with the formula described in Annex I.

3. For the purposes of the step in point (b) of paragraph 1, a distinct underlying type shall be:

(a) for interest rates in the same currency: each maturity time band as set out in Table 2 of Article 339 of Regulation (EU) No 575/2013;

(b) for equities and stock indices: each market as defined in the rules to be developed pursuant to Article 341 (3) of Regulation (EU) No 575/2013;

(c) for foreign currencies and gold: each currency pair and gold;

(d) for commodities: commodities considered identical as defined in Article 357(4) of Regulation (EU) No 575/2013.

Article 6

Determination of the Own funds requirements for vega risk according to the Delta-plus approach

For the purposes of Article 4(1)(b), the own funds requirement for vega risk shall be calculated by a process consisting of the following sequence of steps:

(a) for each individual option the value of vega shall be determined;

(b) for each individual option an assumed plus/minus 25 % shift in the implied volatility shall be calculated, where implied volatility shall be understood in the manner described in Article 4(2);

(c) for each individual option the vega value resulting from the step in point (a) shall be multiplied by the assumed shift in implied volatility resulting from the step in point (b);

(d) for each distinct underlying type, understood in the manner described in Article 5(3), the values resulting from the step in point (c) shall be summed up;

(e) the sum of absolute values resulting from the step in point (d) shall provide the total own funds requirement for vega risk.

Article 7

Conditions of application of the scenario approach

Institutions may use the scenario approach where they fulfil all of the following requirements:

(a) they have established a risk control unit that monitors the risk of the options portfolio of the institutions and reports the results to the management;

(b) they have notified competent authorities of a predefined scope of exposures to be covered by this approach consistently over time;

(c) they integrate the results of the scenario approach in the internal reporting to the management of the institution.

For the purposes of point (c), institutions shall define the precise positions that are subject to the scenario approach, including the type of product or identified desk and portfolio, the distinctive risk management approach that applies to such positions, the dedicated IT application that applies to such positions, and a justification for the allocation of those positions to the scenario approach, with regard to those positions allocated to other approaches.

Article 8

Definition of the scenario matrix according to the scenario approach

1. For each distinct underlying type, as referred to in Article 5(3), an institution shall define a scenario matrix which contains a set of scenarios.

2. The first dimension of the scenario matrix shall be the price changes in the underlying above and below its current value. That range of changes shall consist of the following:

(a) for interest rate options or warrants, plus/minus the assumed change in interest rates set out in column 5 of Table 2 of Article 339 of Regulation (EU) No 575/2013;

(b) for options or warrants on equity or equity indices, plus/minus the weighting provided in Article 343 of Regulation (EU) No 575/2013;

(c) for foreign exchange and gold options or warrants, plus/minus the weighting indicated in Article 351 of Regulation (EU) No 575/2013 or, where appropriate, plus/minus the weighting indicated in Article 354 of Regulation (EU) No 575/2013;

(d) for commodity options (warrants), plus/minus the weighting indicated in point (a) of Article 360(1) of Regulation (EU) No 575/2013.

3. The price change scenarios in the underlying shall be defined by a grid of at least seven points which includes the current observation and divides the range indicated in paragraph 2 in equally spaced intervals.

4. The second dimension of the scenario matrix shall be defined by volatility changes. The range of changes in volatilities shall be between plus/minus 25 % of the implied volatility, where implied volatility shall be understood as referred to in Article 4(2). That range shall be divided into a grid of at least three points which include a 0 % change and where the range is divided into equally spaced intervals.

5. The scenario matrix is determined by all possible combinations of points, as referred to in paragraphs 3 and 4. Each combination shall constitute a single scenario.

Article 9

Determination of the own funds requirements according to the scenario approach

According to the scenario approach, the own funds requirement on non-delta risk of options or warrants shall be calculated through a process consisting of the following sequence of steps:

(a) for each individual option or warrant, all the scenarios referred to in Article 8 shall be applied to calculate simulated net loss or gain corresponding to each scenario. That simulation shall be done using full revaluation methods, by simulating the price changes by the use of pricing models and without relying to local approximations of those models;

(b) for each distinct underlying type, as referred to in Article 5(3), the values obtained as a result of the calculation in point (a) and referring to the individual scenarios, shall be aggregated;

(c) for each distinct underlying type as referred to in Article 5(3), the 'relevant scenario' shall be calculated as the scenario for which the values determined in step (b) result in the largest loss, or the lowest gain if there are no losses;

(d) for each distinct underlying type, as referred to in Article 5(3), the own funds requirements shall be calculated in accordance with the formula described in Annex II;

(e) the total own funds requirement in the case of non-delta risk of options or warrants shall be the sum of the own fund requirements obtained from the calculation referred to in step (d) for all distinct underlying types as referred to in Article 5(3).

Article 10

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 12 March 2014.

For the Commission
The President
José Manuel BARROSO

ANNEX I

Formula to be used for the purposes of Article 5(2)

Formula to be used for the purposes of Article 5(2):

$$\text{Gamma impact} = \wedge \times \text{Gamma} \times VU^2$$

where VU:

(a) for options or warrants on interest rates or bonds is equal to the assumed change in yield indicated in column 5 of Table 2 of Article 339 of Regulation (EU) No 575/2013;

(b) for equity options or warrants and equity indices the market value of the underlying multiplied by the weighting indicated in Article 343 of Regulation (EU) No 575/2013;

(c) for foreign exchange and gold options or warrants is equal to the market value of the underlying, calculated in the reporting currency and multiplied by the weighting indicated in Article 351 of Regulation (EU) No 575/2013 or — if appropriate — the weighting indicated in Article 354 of Regulation (EU) No 575/2013;

(d) for commodity options or warrants is equal to the market value of the underlying, multiplied by the weighting indicated in point (a) of Article 360.1 of Regulation (EU) No 575/2013.

ANNEX II

Formula to be used for the purposes of Article 9(d)

Formula to be used for the purposes of Article 9(d)

$$\text{Own funds requirement} = -\min(0, PC - DE)$$

where

(a) PC ('Price Change') is the sum of price changes of the options with the same distinct underlying type understood in the manner described in Article 5(3) (negative sign for losses and positive sign for gains) and corresponding to the relevant scenario determined in step (c) of Article 8.2;

(b) DE is the 'delta effect' calculated as follows:

$$DE = ADEV \times PPCU$$

where

(i) ADEV ('aggregated delta equivalent value') is the sum of negative or positive deltas, multiplied by the market value of the underlying of the contract, of options that have the same distinct underlying type understood in the manner described in Article 5(3);

(ii) PPCU ('percentage price change of the underlying') is the percentage price change of the underlying understood in the manner described in Article 5(3), corresponding to the relevant scenario determined in step (c) of Article 8.2.

COMMISSION DELEGATED REGULATION (EU) No 529/2014

of 12 March 2014

supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for assessing the materiality of extensions and changes of the Internal Ratings Based Approach and the Advanced Measurement Approach

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) No 575/2013 of 26 June 2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 ([1]), and in particular third subparagraph of Article 143(5) and third subparagraph of Article 312(4),

Whereas:

(1) In accordance with Article 143(3) of Regulation (EU) No 575/2013 the range of application of a rating system refers to the type of exposures that may be rated with a specific rating system.

(2) Regulation (EU) No 575/2013 differentiates between material extensions or changes to the Internal Ratings Based Approach (IRB approach) and Advanced Measurement Approach (AMA) that are subject to approval, and all other changes that are subject to notification. As to the latter there is no indication in Regulation (EU) No 575/2013 on the timing of notification of the extension or change, i.e. whether the change should be notified before or after its implementation. It should be considered that extensions or changes of minor importance need not be known to the competent authorities in advance. Further, it would also be more efficient and less burdensome for institutions to collect such changes of minor importance and notify them to the competent authorities in regular intervals. Indeed, this has already been supervisory practice in several Member States. Thus, extensions and changes requiring notification should be further split into extensions and changes requiring notification before their implementation and extensions and changes only requiring notification after their implementation. This would further ensure that competent authorities in their daily tasks focus their attention on extensions and changes with the potential of materially altering own funds requirements or the performance of the models or rating systems. It would also ensure that institutions distinguish between extensions and changes of great significance from extensions and changes of minor importance on the basis of a risk-oriented supervisory approach. Such a distinction between extensions and changes subject to notification before implementation and extensions and changes subject to notification after implementation, would be prudent, given that the notification before implementation would provide the competent authorities with the possibility to review the correct application of this Regulation. This in return would also reduce the supervisory burden on the institutions' side.

(3) Materiality of extensions or changes in the models usually depends on the type and category of the extension or change proposed (which should be reflected in qualitative criteria), and on their potential to alter the own funds requirements or, where applicable, the risk-weighted exposure amounts (which should be reflected in the quantitative criteria). Therefore any quantitative criteria for reviewing the materiality of extensions or changes should take the form of a threshold based on the percentage change of own funds requirements or, where applicable, of risk-weighted exposure amounts before and after the change.

(4) While for extensions and changes to AMA approaches, the quantitative threshold should be calculated, for the sake of simplicity, on the basis of the own funds requirements, for changes to the IRB approaches the threshold should be calculated on the basis of risk-weighted exposure amounts, in order to avoid that the thresholds are unduly influenced by differences in the amounts of credit value adjustments made, which affect own funds requirements, but not risk-weighted exposure amounts. Moreover, quantitative thresholds should be designed to take into account the overall impact of the extensions or changes on the capital required based on the internal approaches as well as the standardised approaches, in order to reflect the extent to which internal approaches are used for the overall own funds requirements or risk-weighted exposure amounts. This applies to all thresholds for both approaches, except in relation to the second threshold in Article 4(1)(c)(ii) for the IRB approach and the prior notification threshold for the IRB approach which are designed with regard to the impact of changes on the

([1]) OJ L 176, 26.6.2013, p. 1.

risk-weighted exposure amounts covered by the range of application of a specific model. For both the IRB approach and the AMA, the calculations to derive the impact of a given extension or change should be made with reference to the same point in time, given that the set of exposures (in the case of the IRB approach) and the risk profile (in the case of the AMA) are relatively stable in time.

(5) Competent authorities may at any time take appropriate supervisory measures with regard to model extensions and changes that have been notified, based on the on-going review of existing permissions to use internal approaches provided in Article 101 of Directive 2013/36/EU of the European Parliament and of the Council [1]. On the one hand, this is in order to ensure that the requirements laid down in Part Three, Title II, Chapter 3, Section 6, or Part Three, Title III, Chapter 4 or Part Three, Title IV, Chapter 5 of Regulation (EU) No 575/2013 remain satisfied. On the other hand, rules are necessary to establish the triggers for new approvals and notifications of extensions and changes to internal approaches. Such rules should not affect supervisory internal model review approaches or administrative processes provided for by Article 20(8) of Regulation (EU) No 575/2013.

(6) Changes to the permanent partial use of internal approaches or, where applicable, to the sequential implementation of internal approaches are covered by Articles 148 and 150 of Regulation (EU) No 575/2013 for IRB approach and Article 314 of Regulation (EU) No 575/2013 for AMA. Therefore those types of changes should not be covered by this Regulation.

(7) The permission of competent authorities relates to the methods, processes, controls, data collection and IT systems of the approaches, therefore on-going alignment of the models to the calculation data-set used, based on the approved methods, processes, controls, data collection and IT systems, should not be covered by this Regulation.

(8) In order for competent authorities to be able to assess that institutions have applied the rules on assessing the materiality of extensions and changes correctly, appropriate documentation should be submitted by institutions to competent authorities. In order to reduce the supervisory burden on institutions and to increase the effectiveness and efficiency of competent authorities' procedures in that respect, rules should be laid down to specify documentation requirements to accompany applications for approval or notifications of extensions and changes.

(9) This Regulation is based on the draft regulatory technical standards submitted by the European Banking Authority to the Commission.

(10) The provisions of this Regulation are closely linked, since they refer to extensions and/or changes to AMA and IRB approaches for own funds requirements for credit and operational risk and since relevant supervisory issues and procedures are similar for those two types of internal approaches. To ensure coherence between those provisions, and to facilitate a comprehensive view and access in a coordinated fashion to them by persons subject to relevant obligations, it is desirable that they enter into force at the same time and include all of the regulatory technical standards required by Regulation (EU) No 575/2013 on extensions and changes to internal models for credit and operational risk, in a single Regulation. However, since point (a) in the first subparagraph of Article 312(4) deals with a different subject matter, this regulation only addresses points (b) and (c).

(11) The European Banking Authority 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 [2],

HAS ADOPTED THIS REGULATION:

Article 1

Subject matter

This Regulation lays down the conditions for assessing the materiality of extensions and changes to the Internal Rating Based approaches and the Advanced Measurement Approaches permitted in accordance with Regulation (EU) No 575/2013, including the modalities of the notifications of such changes and extentensions.

[1] 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 (OJ L 176, 27.6.2013, p. 338).

[2] Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12).

Article 2

Categories of extensions and changes

1. The materiality of changes to the range of application of a rating system or an internal models approach to equity exposures, or of changes to the rating systems or internal models approach to equity exposures, for the Internal Rating Based approach ('changes in the IRB approach') or of the extensions and changes for the Advanced Measurement Approach, ('extensions and changes in the AMA') shall be classified into one of the following categories:

(a) material extensions and changes, which, according to Articles 143(3) and 312(2) of Regulation (EU) No 575/2013, require permission from the competent authorities;

(b) other extensions and changes, which require notification to the competent authorities.

2. The extensions and changes referred to in point (b) of paragraph 1 shall further be classified into:

(a) extensions and changes that require notification before their implementation;

(b) extensions and changes that require notification after their implementation.

Article 3

Principles of classification of extensions and changes

1. The classification of changes in the IRB approach shall be carried out in accordance with this Article and Articles 4 and 5.

The classification of extensions and changes in the AMA shall be carried out in accordance with this Article and Articles 6 and 7.

2. Where institutions are required to calculate the quantitative impact of any extension or change on own funds requirements or, where applicable, on risk-weighted exposure amounts, they shall apply the following methodology:

(a) for the purpose of the assessment of the quantitative impact institutions shall use the most recent data available;

(b) where a precise assessment of the quantitative impact is not feasible, institutions shall instead perform an assessment of the impact based on a representative sample or other reliable inference methodologies;

(c) for changes having no direct quantitative impact, no quantitative impact as laid down in Article 4(1)(c) for IRB approach or Article 6(1)(c) for AMA shall be calculated.

3. One material extension or change shall not be split into several changes or extensions of lower materiality.

4. In case of doubt, institutions shall assign extensions and changes to the category of the highest potential materiality.

5. Where competent authorities have provided their permission in relation to a material extension or change, institutions shall calculate the own funds requirements based on the approved extension or change from the date specified in the new permission which shall replace the prior one. The non-implementation on the date specified in the new permission of an extension or change for which permission from competent authorities has been given, shall require a new permission from competent authorities which shall be applied for without undue delay.

6. In case of delay of the implementation of an extension or change for which permission from the competent authority has been granted, the institution shall notify the competent authority and present to the competent authority a plan for a timely implementation of the approved extension or change, which it shall apply within a period to be agreed with the competent authority.

7. Where an extension or change is classified as one requiring prior notification to competent authorities, and where, subsequently to the notification, institutions decide not to implement the extension or change, institutions shall notify without undue delay the competent authorities of this decision.

Article 4

Material changes to the IRB approach

1. Changes to the IRB approach shall be considered material if they fulfil any of the following conditions:

(a) they fall under any of the changes to the range of application of a rating system or internal models approach to equity exposures described in Annex I, Part I, Section 1;

(b) they fall under any changes to the rating systems or internal models approach to equity exposures described in Annex I, Part II, Section 1;

(c) they result in either of the following:

(i) a decrease of 1,5 % of either of the following:

— the overall EU parent institution's consolidated risk-weighted exposure amounts for credit and dilution risk,

— the overall risk-weighted exposure amounts for credit and dilution risk in the case of an institution which is neither a parent institution, nor a subsidiary;

(ii) a decrease of 15 % or more of the risk-weighted exposure amounts for credit and dilution risk associated with the range of application of the internal rating system or internal models approach to equity exposures.

2. For the purposes of paragraph (1)(c)(i) of this Article, and in accordance with Article 3(2), the impact of the change shall be assessed as a ratio calculated as follows:

(a) in the numerator, the difference in the risk-weighted exposure amounts for credit and dilution risk associated with the range of application of the internal rating system or the internal models approach to equity exposures before and after the change at the EU parent institution's consolidated level or at the institution level which is neither a parent institution, nor a subsidiary;

(b) in the denominator the overall risk-weighted exposure amounts for credit and dilution risk before the change at the EU parent institution's consolidated level or, respectively, at the institution level which is neither a parent institution, nor a subsidiary.

The calculation shall refer to the same point in time.

The determination of the impact on risk-weighted exposure amounts shall refer only to the impact of the change to the IRB approach, and the set of exposures shall be assumed to remain constant.

3. For the purposes of paragraph (1)(c)(ii) of this Article, and in accordance with Article 3(2), the impact of the change shall be assessed as a ratio calculated as follows:

(a) in the numerator, the difference in the risk-weighted exposure amounts for credit and dilution risk associated with the range of application of the internal rating system or the internal models approach to equity exposures before and after the change;

(b) in the denominator, the risk-weighted exposure amounts for credit and dilution risk before the change associated with the range of application of the rating system or the internal models approach to equity exposures.

The calculation shall refer to the same point in time.

The determination of the impact on risk-weighted exposure amounts shall refer only to impact of the change to the IRB approach, and the set of exposures shall be assumed to remain constant.

Article 5

Changes to the IRB approach not considered material

1. Changes to the IRB approach, which are not material but are to be notified to competent authorities according to Article 143(4) of Regulation (EU) No 575/2013, shall be notified in the following manner:

(a) changes which fulfil any of the following conditions shall be notified to competent authorities at least two months before their implementation:

(i) changes described in Annex I, Part I, Section 2;

(ii) changes described in Annex I, Part II, Section 2;

(iii) changes which result in a decrease of at least 5 % of the risk-weighted exposure amounts for credit and dilution risk associated with the range of application of the internal rating system or internal models approach to equity exposures.

(b) all other changes shall be notified to the competent authorities after their implementation at least on an annual basis.

2. For the purposes of paragraph (1)(a)(iii) of this Article, and in accordance with Article 3(2), the impact of the change shall be assessed as a ratio calculated as follows:

(a) in the numerator, the difference in the risk-weighted exposure amounts for credit and dilution risk associated with the range of application of the internal rating system or the internal models approach to equity exposures before and after the change;

(b) in the denominator, the risk-weighted exposure amounts for credit and dilution risk before the change associated with the range of application of the rating system or the internal models approach to equity exposures.

The calculation shall refer to the same point in time.

The determination of the impact on risk-weighted exposure amounts shall refer only to impact of the change to the IRB approach, and the set of exposures shall be assumed to remain constant.

Article 6

Material extensions and changes to the AMA

1. Extensions and changes to the AMA shall be considered material, if they fulfil any of the following conditions:

(a) they fall under any extensions described in Annex II, Part I, Section 1;

(b) they fall under any changes described in Annex II, Part II, Section 1;

(c) they result in either of the following:

(i) in a decrease of 10 % or more of either of the following:

— the overall EU parent institution's consolidated own funds requirements for operational risk,

— the overall own funds requirements for operational risk in the case of an institution which is neither a parent institution, nor a subsidiary;

(ii) in a decrease of 10 % or more of either of the following:

— the overall own funds requirements for operational risk at the consolidated level of a parent institution which is not an EU parent institution,

— the overall own funds requirements for operational risk of a subsidiary where the parent institution has not received the permission to use the AMA.

2. For the purposes of paragraph (1)(c)(i), and in accordance with Article 3(2), the impact of any extension or change shall be assessed as a ratio calculated as follows:

(a) in the numerator, the difference in the own funds requirements for operational risk associated with the scope of application of the AMA model before and after the extension or change at the EU parent institution's consolidated level or at the institution level which is neither a parent institution, nor a subsidiary;

(b) in the denominator, the overall own funds requirements for operational risk before the extension or change at the EU parent institution's consolidated level or, respectively, at the institution level which is neither a parent institution, nor a subsidiary.

The calculation shall refer to the same point in time.

The determination of the impact on the own funds requirements shall refer only to impact of the extension and change to the AMA, and therefore the operational risk profile shall be assumed to remain constant.

3. For the purposes of paragraph (1)(c)(ii), and in accordance with Article 3(2), the impact of any extension or change shall be assessed as a ratio calculated as follows:

(a) in the numerator, the difference in the own funds requirements for operational risk associated with the scope of application of the model before and after the extension or change at the consolidated level of a parent institution which is not an EU parent institution or at the subsidiary level where the parent institution has not received the permission to use the AMA;

(b) in the denominator, the overall own funds requirements for operational risk before the extension or change at the consolidated level of a parent institution which is not an EU parent institution or, respectively, at the subsidiary level where the parent institution has not received the permission to use the AMA.

The calculation shall refer to the same point in time.

The determination of the impact on the own funds requirements shall refer only to impact of the extension and change to the AMA, and therefore the operational risk profile shall be assumed to remain constant.

Article 7

Extensions and changes to the AMA not considered material

Extensions and changes to the AMA, which are not material but are to be notified to competent authorities according to Article 312(3) of Regulation (EU) No 575/2013, shall be notified in the following manner:

(a) extensions and changes falling under Annex II, Part I, Section 2 and Part II, Section 2, shall be notified to competent authorities at least two months before their implementation;

(b) all other extensions and changes shall be notified to the competent authorities after their implementation at least on an annual basis.

Article 8

Documentation of extensions and changes

1. For extensions and changes to the IRB approach or to the AMA classified as requiring competent authorities' approval, institutions shall submit, together with the application, the following documentation:

(a) description of the extension or change, its rationale and objective;

(b) implementation date;

(c) scope of application affected by the model extension or change, with volume characteristics;

(d) technical and process document(s);

(e) reports of the institutions' independent review or validation;

(f) confirmation that the extension or change has been approved through the institution's approval processes by the competent bodies and date of approval;

(g) where applicable, the quantitative impact of the change or extension on the risk weighted exposure amounts or the own funds requirements;

(h) records of the institution's current and previous version number of internal models which are subject to approval.

2. For extensions and changes classified as requiring notification either before or after implementation, institutions shall submit, together with the notification, the documentation referred to in points (a), (b), (c), (f) and (g) of paragraph 1.

Article 9

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 12 March 2014.

For the Commission

The President

José Manuel BARROSO

ANNEX I

CHANGES TO THE IRB APPROACH

PART I

CHANGES TO THE RANGE OF APPLICATION OF RATING SYSTEMS OR INTERNAL MODELS APPROACHES TO EQUITY EXPOSURES

SECTION 1

Changes requiring competent authorities' approval ('material')

1. Extending the range of application of a rating system to:

   (a) exposures in an additional business unit, that are of the same type of product or obligor;

   (b) exposures of an additional type of product or obligor unless the additional type of product or obligor falls within the range of application of an approved rating system based on the criteria as referred to in points (c)(i) and (ii);

   (c) additional exposures related to the lending decision of a third party to the group, unless the institution can prove that the additional exposures fall within the range of application of an approved rating system, based on all of the following criteria:

      (i) the 'representativeness' of the data used to build the model to assign exposures to grades or pools with respect to the key characteristics of the institution's additional exposures where the lending decision has been taken by a third party, according to Article 174(c) of Regulation (EU) No 575/2013;

      (ii) the 'comparability' of the population of exposures represented in the data used for estimation, the lending standards used when the data was generated and other relevant characteristics with the ones of the additional exposures where the lending decision has been taken by a third party, according to Article 179(1)(d) of Regulation (EU) No 575/2013.

   For the purposes of establishing 'representativeness' and 'comparability' under points (i) and (ii) of the first paragraph institutions shall provide a complete description of the criteria and measures used.

2. Extending the range of application of an internal models approach to equity exposures, to one of the following type of exposures:

   (a) to the Simple risk weight method according to Article 155(2) of Regulation (EU) No 575/2013;

   (b) to the PD/LGD approach according to Article 155(3) of Regulation (EU) No 575/2013;

   (c) to the temporary partial use provision according to Article 495 of Regulation (EU) No 575/2013;

   (d) to the same type of product in an additional business unit;

   (e) to an additional type of product unless the institution can prove that it falls within the range of application of an existing internal models approach to equity exposures.

SECTION 2

Changes requiring prior notification to competent authorities

1. Reducing the range of application or the scope of use of a rating system.

2. Reducing the range of application of an internal models approach to equity exposures.

3. Extending the range of application of a rating system for which it can be shown that it does not fall under Part I, Section 1, point 1 of this Annex.

4. Extending the range of application of an internal models approach to equity exposures where such extension does not fall under Part I, Section 1, point 2 of this Annex.

PART II

CHANGES TO RATING SYSTEMS OR AN INTERNAL MODELS APPROACH TO EQUITY EXPOSURES

SECTION 1

Changes requiring competent authorities' approval ('material')

1. Changes in the methodology of assigning exposures to exposure classes and rating systems. These include:

   (a) changes in the methodology used for assigning exposures to different exposure classes according to Article 147 of Regulation (EU) No 575/2013;

   (b) changes in the methodology used for assigning an obligor or a transaction to a rating system according to Article 169(1) of Regulation (EU) No 575/2013.

2. The following changes in the algorithms and procedures used for: assigning obligors to obligor grades or pools; for assigning exposures to facility grades or pools; or for quantifying the risk of obligor default or associated loss ('changes in the rating methodology for IRB systems'):

   (a) changes of the modelling approach for assigning an obligor to grades or pools and/or exposures to facility grades or pools according to Article 171(1) and Article 172(1)(a) to (d) of Regulation (EU) No 575/2013;

   (b) changes to the institution's approach to the 'one-obligor-one-rating principle' according to Article 172(1)(e) of Regulation (EU) No 575/2013;

   (c) changes in the rating system's assumptions behind ratings relating to the extent by which a change in economic conditions is expected to result in a net migration of a large number of exposures, obligors or facilities across grades or pools of the model, as opposed to migration of only some exposures, obligors or facilities due only to their individual characteristics the measure and significance levels of which are defined by the institution;

   (d) changes to the rating criteria as referred to in Article 170(1)(c) and (e) and Article 170(4) of Regulation (EU) No 575/2013 and/or their weights, sequence or hierarchy, if any of the following conditions are met:

      (i) they change the rank ordering referred to in Article 170(1)(c) and (3)(c) of Regulation (EU) No 575/2013 in a significant manner, the measure and level of which will have been defined by the institution;

      (ii) they change the distribution of obligors, facilities or exposures across grades or pools according to Article 170(1)(d) and (f) and Article 170(3)(b) of Regulation (EU) No 575/2013 in a significant manner, the measure and level of which will have been defined by the institution.

   (e) introduction or withdrawal of an external rating as a primary factor determining an internal rating assignment according to Article 171(2) of Regulation (EU) No 575/2013;

   (f) change in the fundamental methodology for estimating PDs, LGDs including best estimate of expected loss, and conversion factors according to Articles 180, 181 and 182 of Regulation (EU) No 575/2013, including the methodology for deriving a margin of conservatism related to the expected range of estimation errors according to Article 179(1)(f) of Regulation (EU) No 575/2013. For LGDs and conversion factors this includes also changes in the methodology for accounting for an economic downturn according to Articles 181(1)(b) and 182(1)(b) of Regulation (EU) No 575/2013;

   (g) inclusion of additional types of collateral into the LGD estimation according to Article 181(1)(c) to (g) of Regulation (EU) No 575/2013 if their treatment differs from procedures that have already been approved.

3. Changes in the definition of default according to Article 178 of Regulation (EU) No 575/2013.

4. Changes in the validation methodology and/or validation processes which lead to changes in the institution's judgment of the accuracy and consistency of the estimation of the relevant risk parameters, the rating processes or the performance of their rating systems according to Article 185(a) of Regulation (EU) No 575/2013.

5. Changes in the internal models approach to equity exposures. These include:

   (a) changes in the value-at-risk modelling approach to estimate risk weighted exposure amounts for equity exposures according to Article 155(4) of Regulation (EU) No 575/2013;

(b) changes in the methodology for adjusting estimates of potential loss to achieve appropriate levels of realism and/or conservatism, or changes in the analytical method to convert shorter horizon period data to quarterly data according to Article 186(a) of Regulation (EU) No 575/2013;

(c) changes in the model capture of material risk drivers considering the specific risk profile and complexity, including non-linearity's of the institution's equity portfolio according to Article 186(b) and (c) of Regulation (EU) No 575/2013;

(d) changes in the fundamental methodology for mapping of individual positions to proxies, market indices or risk factors according to Article 186(d) of Regulation (EU) No 575/2013.

SECTION 2

Changes requiring *ex ante* notification to competent authorities

1. Changes in the treatment of purchased receivables according to Article 153(6) and (7) and Article 154(5) of Regulation (EU) No 575/2013.

2. The following changes in the rating methodology for IRB systems:

(a) changes in the internal procedures and criteria for assigning risk weights to specialised lending exposures according to Articles 153(5) and 170(2) of Regulation (EU) No 575/2013;

(b) changes from the use of direct estimates of risk parameters for individual obligors or exposures to the use of a discrete rating scale or vice versa according to Article 169(3) of Regulation (EU) No 575/2013, unless already classified as material according to Part II, Section 1 of this Annex;

(c) changes to the rating scale in terms of the number or structure of rating grades according to Article 170(1) of Regulation (EU) No 575/2013, unless already classified as material according to Part II, Section 2 of this Annex;

(d) changes to the rating criteria and/or their weights or hierarchy according to Article 170(1)(c) and (e) and 170(4) of Regulation (EU) No 575/2013, unless already classified as material according to Part II, Section 1 of this Annex;

(e) changes to the grade or pool definitions or criteria according to Articles 171(1) and 172 of Regulation (EU) No 575/2013, unless already classified as material according to Part II, Section 1 of this Annex;

(f) changes in the scope of information used to assign obligors to grades or pools according to Article 171(2) of Regulation (EU) No 575/2013 or inclusion of new or additional information in a model for parameter estimation according to Article 179(1)(d) of Regulation (EU) No 575/2013;

(g) changes in the rules and processes for the use of overrides according to Article 172(3) of Regulation (EU) No 575/2013, unless already classified as material according to Part II, Section 1 of this Annex;

(h) changes in the methodology for estimating PDs, LGDs including best estimate of expected loss, and conversion factors according to Articles 180, 181 and 182 of Regulation (EU) No 575/2013 including the methodology for deriving a margin of conservatism related to the expected range of estimation errors according to Article 179(1)(f) of Regulation (EU) No 575/2013, unless already classified as material according to Part II, Section 1 of this Annex. For LGDs and conversion factors this includes also changes in the methodology for accounting for an economic downturn according to Article 181(1)(b) and Article 182(1)(b) of Regulation (EU) No 575/2013;

(i) changes in the way or extent to which conditional guarantees are accounted for in the LGD estimation according to Article 183(1)(c) of Regulation (EU) No 575/2013;

(j) inclusion of additional types of collateral into the LGD estimation in accordance to Article 181(1)(c) to (g) of Regulation (EU) No 575/2013, unless already classified as material according to Part II, Title I of this Annex;

(k) if an institution maps its internal grades to the scale used by an ECAI and then attributes the default rate observed for the external organisation's grades to the institutions' grades according to Article 180(1)(f) of Regulation (EU) No 575/2013, changes in the mapping used for this purpose unless already classified as material according to Part II, Section 1 of this Annex.

3. Changes in the validation methodology and/or process according to Articles 185 and 188 of Regulation (EU) No 575/2013, unless already classified as material according to Part II, Section 1 of this Annex.

4. Changes in processes. These include:

   (a) changes in the credit risk control unit according to Article 190 of Regulation (EU) No 575/2013 as regards its position within the organisation and its responsibilities;

   (b) changes in the validation unit's position according to Articles 190(1) and (2) of Regulation (EU) No 575/2013 within the organisation and its responsibilities;

   (c) changes in the internal organisational or control environment or key processes that have an important influence on a rating system.

5. Changes in the data. These include:

   (a) if an institution starts or ceases to use data that is pooled across institutions according to Article 179(2) of Regulation (EU) No 575/2013;

   (b) change of the data sources used in the process of allocating exposures to grades or pools or for parameter estimation according to Articles 176(5)(a) and 175(4)(a) of Regulation (EU) No 575/2013;

   (c) change in the length and composition of time series used for parameter estimation according to Article 179(1)(a) that goes beyond the annual inclusion of the latest observations, unless already classified as material according to Part II, Section 1 of this Annex.

6. Changes in the use of models, if an institution starts using risk parameter estimates for internal business purposes that are not those used for regulatory purpose and, where this was previously not the case, within the lines set out according to Article 179(1) of Regulation (EU) No 575/2013.

7. Changes in the internal models approach to equity exposures. These include:

   (a) changes of the data used to represent return distributions for equity exposures under the internal models approach according to Article 186(a) of Regulation (EU) No 575/2013;

   (b) changes in the internal organisational or control environment or key processes that have an important influence on the internal models approach to equity exposures.

ANNEX II

EXTENSIONS AND CHANGES TO THE AMA

PART I

SECTION 1

Extensions requiring competent authorities' approval ('material')

1. First-time introduction of measures to capture expected losses in the institutions' business practices offset according to Article 322(2)(a) of Regulation (EU) No 575/2013.

2. First-time introduction of operational risk mitigation techniques such as insurance or other risk transfer mechanisms according to Article 323(1) of Regulation (EU) No 575/2013.

3. First-time recognition of correlations in operational risk losses according to Article 322(2)(d) of Regulation (EU) No 575/2013.

4. First-time introduction of methodology for allocating operational risk capital among the different entities of the group according to Article 20(1)(b) and 322(2)(a) of Regulation (EU) No 575/2013.

5. The introduction of the AMA within parts of the institution or group of institutions not yet covered by the approval or the approved roll out plan according to Article 314(1) of Regulation (EU) No 575/2013, where those additional areas account for more than 5 % of the EU parent institution on a consolidated level or of the institution which is neither a parent institution, nor a subsidiary.

The above calculation shall be made at the end of the preceding financial year using the amount of the relevant indicator assigned to the areas to which the AMA will be rolled out as defined in Article 316 of Regulation (EU) No 575/2013.

SECTION 2

Extensions requiring *ex ante* notification to competent authorities

The introduction of the AMA within parts of the institution or group of institutions not yet covered by the approval or the approved roll out plan according to Article 314(1) of Regulation (EU) No 575/2013, where those additional areas account with respect to the EU parent institution on a consolidated level or of the institution which is neither a parent institution, nor a subsidiary for both of the following:

(a) more than 1 %;

(b) less than or equal to 5 %.

The above calculation shall be made at the end of the preceding financial year using the amount of the relevant indicator assigned to the areas to which the AMA will be rolled out, as defined in Article 316 of Regulation (EU) No 575/2013.

PART II

CHANGES TO THE AMA

SECTION 1

Changes requiring competent authorities' approval ('material')

1. Changes in the organisational and operational structure of the independent risk management function for operational risk according to Article 321 of Regulation (EU) No 575/2013 which reduce the ability of the operational risk management function to oversee and inform the decision making processes of the business and support units they control.

2. Changes to the measurement system for operational risk if they fulfil any of the following criteria:

   (a) they change the architecture of the measurement system regarding the combination of the four data elements of internal and external loss data, scenario analysis, business environment and internal control factors, according to Article 322(2)(b) of Regulation (EU) No 575/2013;

   (b) they change the logics and drivers of the methodology for allocating the operational risk capital between the different entities of a group according to Article 20(1)(b) and 322(2)(a) of Regulation (EU) No 575/2013.

3. Changes to the procedures relating to internal and external data, scenario analysis and business environment and internal control factors where they:

   (a) reduce the level of controls regarding the completeness and quality of operational risk data collected according to Article 322(3) and (4) of Regulation (EU) No 575/2013;

   (b) change the external data sources to be used within the measurement system according to Article 322(4) and 322(5) of Regulation (EU) No 575/2013 unless the data are comparable and representative for the operational risk profile.

4. Changes to the overall method on how insurance contracts and/or other risk transfer mechanisms are recognized within the calculation of the AMA capital charge according to Article 323(1) of Regulation (EU) No 575/2013.

5. Reducing the part of the operational risk captured by the AMA within the institution or group of institutions using the AMA according to Article 314(2) and (3) of Regulation (EU) No 575/2013, where one of the following conditions is met:

   (a) the areas to which the AMA will no longer be applied account for more than 5 % of the overall own funds requirements for operational risk of the EU parent institution on a consolidated level or of the institution which is neither a parent institution, nor a subsidiary;

   (b) the reduction of the areas covered under the AMA leads to a use of the AMA in a part of the institution which account for a lower percentage as required by the competent authority under Article 314(3) of Regulation (EU) No 575/2013.

This calculation shall be made when the institution applies for the change and shall be based on the capital requirement as calculated at the end of the preceding financial year.

SECTION 2

Changes requiring *ex ante* notification to competent authorities

1. Changes to the way the operational risk measurement system is integrated into the day-to-day management process through operational risk processes and policies according to Article 321(a) and (c) of Regulation (EU) No 575/2013, where the changes have one of the following characteristics:

   (a) they change the extent to which the operational risk measurement system contributes to relevant information in the institutions' risk management and related decision making processes, including the approval of new products, systems and processes and definition of the operational risk tolerance;

   (b) they reduce the scope, groups of recipients and frequency of the reporting system for informing all relevant parts of the institution about the results of the operational risk measurement system and decisions taken in response to material operational risk events.

2. Changes in the organisational and operational structure of the independent risk management function for operational risk according to Article 321(b) of Regulation (EU) No 575/2013 if they fulfil any of the following criteria:

   (a) they reduce the hierarchical level of the operational risk management function or of its head;

   (b) they lead to a relevant reduction the duties and responsibilities of the operational risk management function;

   (c) they extend the duties and responsibilities of the operational risk management function, unless no conflicts of interests exist and appropriate additional resources are provided to the operational risk management function;

   (d) they lead to a reduction of the available resources in terms of budget and headcount of more than 10 %, of the institution or group, since the last approval according to Article 312(2) of Regulation (EU) No 575/2013 was granted, unless the available resources in terms of budget and headcount at the institution or group level has been reduced with the same proportion.

3. Changes to validation processes and the internal review according to Article 321(e) and (f) of Regulation (EU) No 575/2013 if they change the logic and methodologies used for internally validating or reviewing the AMA framework.

4. Changes to the calculation of the operational risk capital charge which change one of the following:

   (a) structure and characteristics of the data set used for the calculation of the operational risk capital requirement (the 'calculation data set'), including any of the following:

      (i) the definition of gross loss amount to be used within the calculation data set according to Article 322(3)(d) of Regulation (EU) No 575/2013;

      (ii) the reference date of loss events to be used within the calculation data set according to Article 322(2)(a) of Regulation (EU) No 575/2013;

      (iii) the method used to determine the length of the time series of loss data to be used within the calculation data set according to Article 322(2)(a) of Regulation (EU) No 575/2013;

      (iv) the criteria to group losses caused by a common operational risk event or by related events over time according to Article 322(3)(b) and (3)(e) of Regulation (EU) No 575/2013;

      (v) the number or the type of risk classes, or equivalent, over which the operational risk capital requirement is calculated;

      (vi) the method for setting the threshold for the level of losses above which the model is fitted to the data according to Article 322(2)(a) of Regulation (EU) No 575/2013;

      (vii) where applicable, the method for setting the threshold for differentiating the body and tail regions of the data, when fitted by different methods according to Article 322(2)(a) of Regulation (EU) No 575/2013;

      (viii) the processes and criteria for assessing the relevance, for scaling or for doing other adjustments to the operational risk data according to Article 322(3)(f) of Regulation (EU) No 575/2013;

      (ix) change the external data sources to be used within the measurement system according to Article 322(4) and 322(5) of Regulation (EU) No 575/2013, unless already classified as material according to Part II, Section 1 of this Annex.

   (b) the criteria for the selection, update and review of used distributions and methods for the estimation of their parameters according to Article 322(2)(a) of Regulation (EU) No 575/2013;

   (c) criteria and procedures for the determination of the aggregated loss distributions and for the calculation of the pertinent operational risk measure at the regulatory confidence level according to Article 322(2)(a) of Regulation (EU) No 575/2013;

   (d) methodology for the determination of expected losses and their capturing within internal business practices according to Article 322(2)(a) of Regulation (EU) No 575/2013;

   (e) methodology about how correlations in operational risk losses across individual operational risk estimates are recognised according to Article 322(2)(d) of Regulation (EU) No 575/2013.

5. Changes to the standards relating to internal data, scenario analysis and business environment and internal control factors if they:

   (a) change the internal processes and criteria for collecting internal loss data according to Article 322(3) of Regulation (EU) No 575/2013, including any of the following:

      (i) increase of the threshold for the collection of internal loss data according to Article 322(3)(c) of Regulation (EU) No 575/2013;

      (ii) methods or criteria for the exclusion of activities or exposures from the scope of the internal data collection according to article 322(3)(c) of Regulation (EU) No 575/2013.

   (b) change the internal processes and criteria for one of the following:

      (i) performing scenario analysis according to Article 322(5) of Regulation (EU) No 575/2013;

      (ii) determining business environment and internal control factors according to Article 322(6) of Regulation (EU) No 575/2013.

6. Changes to the standards relating to insurance and other risk transfer mechanisms according to Article 323 of Regulation (EU) No 575/2013, if they fulfil one of the following conditions:

   (a) they cause a relevant alteration of the level of coverage provided;

   (b) they alter the processes and criteria for calculating the haircuts in the amount of insurance recognition, introduced to capture the uncertainty of payment, the mismatches in coverage and the policy's residual and cancellation terms, where less than one year according to article 323(4) of Regulation (EU) No 575/2013.

7. Relevant changes to the IT systems used to process the AMA, including the collection of data and their administration, reporting procedures and the measurement system for operational risk according to article 312(2) of Regulation (EU) No 575/2013 and the general risk management standards set out in article 74 of Directive 2013/36/EU, which reduce the integrity and availability of the data or IT systems.

COMMISSION DELEGATED REGULATION (EU) No 530/2014

of 12 March 2014

supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards further defining material exposures and thresholds for internal approaches to specific risk in the trading book

(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 the third subparagraph of Article 77(4) thereof,

Whereas:

(1) Article 77(3) of Directive 2013/36/EU refers solely to 'debt instruments', therefore equity instruments in the trading book should not be included in the assessment of materiality of specific risk.

(2) The materiality in absolute terms of exposures to specific risk should be measured by applying the standardised rules for the calculation of net positions of debt instruments. That assessment should consider both long and short net positions calculated in accordance with Article 327(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council [2], after having given an allowance for hedges provided by credit derivatives in accordance with Articles 346 and 347 of Regulation (EU) No 575/2013.

(3) The first subparagraph of Article 77(3) of Directive 2013/36/EU covering specific risk in the trading book refers to 'a large number of material positions in debt instruments of different issuers'. These rules therefore set out a materiality threshold for large numbers of material positions in debt instruments of different issuers, pursuant to Article 77(4) of that Directive.

(4) This Regulation is based on the draft regulatory technical standards submitted by the European Banking Authority to the Commission.

(5) The European Banking Authority 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:

Article 1

Definition of 'exposures to specific risk which are material in absolute terms' according to Article 77(4) of Directive 2013/36/EU

An institution's exposure to specific risk of debt instruments shall be considered to be material in absolute terms where the sum of all net long and net short positions, as defined in Article 327 of Regulation (EU) No 575/2013, is greater than EUR 1 000 000 000.

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[1] OJ L 176, 27.6.2013, p. 338.

[2] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

[3] Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12).

Article 2

Definition of 'large number of material positions in debt instruments of different issuers' according to Article 77(4) of Directive 2013/36/EU

An institution's specific risk portfolio shall be considered to comprise a large number of material positions in debt instruments of different issuers where the portfolio includes more than 100 positions, each of which is greater than EUR 2 500 000, whether those positions are net long or net short, as defined in Article 327 of Regulation (EU) No 575/2013.

Article 3

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 12 March 2014.

For the Commission
The President
José Manuel BARROSO

COMMISSION DELEGATED REGULATION (EU) No 531/2014

of 12 March 2014

amending Annex I of Regulation (EU) No 211/2011 of the European Parliament and of the Council on the citizens' initiative

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) No 211/2011 of the European Parliament and of the Council of 16 February 2011 on the citizens' initiative ([1]), and in particular Article 7(3) thereof,

Whereas:

(1) Article 7(2) of Regulation (EU) No 211/2011 provides that, in at least one quarter of Member States, the minimum number of signatories of a citizens' initiative should correspond to the number of the Members of the European Parliament elected in each Member State, multiplied by 750. Those minimum numbers are set out in Annex I of the Regulation.

(2) On 28 June 2013 the European Council adopted European Council Decision 2013/312/EU establishing the composition of the European Parliament ([2]). That decision which entered into force on 30 June 2013 sets the number of representatives in the European Parliament elected in each Member State for the 2014-2019 parliamentary term. The 2014-2019 parliamentary term begins on 1 July 2014.

(3) Annex I of Regulation (EU) No 211/2011 should be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

Annex I of Regulation (EU) No 211/2011 is replaced by the Annex to this Regulation.

Article 2

This Regulation shall enter into force on the 20th day following that of its publication in the *Official Journal of the European Union*.

It shall apply from 1 July 2014.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 12 March 2014.

For the Commission
The President
José Manuel BARROSO

([1]) OJ L 65, 11.3.2011, p. 1.
([2]) OJ L 181, 29.6.2013, p. 57.

ANNEX

Minimum number of signatories per Member State

Belgium	15 750
Bulgaria	12 750
Czech Republic	15 750
Denmark	9 750
Germany	72 000
Estonia	4 500
Ireland	8 250
Greece	15 750
Spain	40 500
France	55 500
Croatia	8 250
Italy	54 750
Cyprus	4 500
Latvia	6 000
Lithuania	8 250
Luxembourg	4 500
Hungary	15 750
Malta	4 500
Netherlands	19 500
Austria	13 500
Poland	38 250
Portugal	15 750
Romania	24 000
Slovenia	6 000
Slovakia	9 750
Finland	9 750
Sweden	15 000
United Kingdom	54 750

COMMISSION DELEGATED REGULATION (EU) No 532/2014

of 13 March 2014

supplementing Regulation (EU) No 223/2014 of the European Parliament and of the Council on the Fund for European Aid to the Most Deprived

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) No 223/2014 of the European Parliament and of the Council of 11 March 2014 on the Fund for European Aid to the Most Deprived [1], and in particular Articles 32(8), 32(9), 34(7), 34(8) and 55(4) thereof,

Whereas:

(1) Regulation (EU) No 223/2014 allows the Commission to adopt delegated acts supplementing its non-essential elements with regard to the Fund for European Aid to the Most Deprived (FEAD).

(2) Regulation (EU) No 223/2014 requires the managing authority to establish a system to record and store, in computerised form, data on each operation necessary for monitoring, evaluation, financial management, verification and audit, including, with regard to social inclusion of the most deprived persons operational programmes (OP II), data on individual participants. It is therefore necessary to set out a list of data to be recorded and stored in that system.

(3) Certain data is relevant for particular types of operations or for one of the types of operational programme only; the applicability of data requirements should therefore be specified. Regulation (EU) No 223/2014 set out specific requirements for the recording and storage of data on individual participants in operations supported by OP II, which need to be taken into account.

(4) The list of data should take into account the reporting requirements set out under Regulation (EU) No 223/2014 in order to ensure that the data necessary for financial management and monitoring, including data needed to prepare payment applications, accounts and implementation reports exists for every operation in a form in which it can be easily aggregated and reconciled. The list should take into account that certain basic data on operations in computerised form is necessary for effective financial management of operations and to fulfil the requirement to publish basic information on operations. Certain other data is necessary to effectively plan and carry out verifications and audit work.

(5) The list of data to be recorded and stored should not prejudge the technical characteristics or structure of the computerised systems set up by managing authorities or pre-determine the format of the data recoded and stored, unless these are specifically stated in this Regulation. Nor should it prejudge the means by which data is entered or generated within the system; in some cases, the data included in the list may require the entry of multiple values. Nevertheless, it is necessary to set out certain rules on the nature of this data, to ensure that the managing authority can fulfil its responsibility for monitoring, evaluation, financial management, verification and audit, including where this requires processing of data on individual participants.

(6) In order to ensure that expenditure under operational programmes can be checked and audited, it is necessary to set out the criteria with which an audit trail should comply to be considered adequate.

(7) It is necessary to provide, in relation to the audit work pursuant to Regulation (EU) No 223/2014, that the Commission and the Member States should prevent any unauthorised disclosure of or access to personal data, and to specify the purposes for which the Commission and the Member States can process such data.

(8) The audit authority is responsible for audits of operations. To ensure that the scope and effectiveness of such audits are adequate and that they are carried out to the same standards in all Member States, it is necessary to set out the conditions that they should meet.

[1] OJ L 72, 12.3.2014, p. 1.

(9) It is necessary to set out in detail the sampling basis for operations to be audited, which the audit authority should observe in establishing or approving the sampling method, including the determination of the sampling unit, certain technical criteria to be used for the sample and where necessary factors to be taken into account in taking additional samples.

(10) The audit authority should draw up an audit opinion covering the accounts referred to in Regulation (EU) No 223/2014. To ensure that the scope and the content of audits on accounts are adequate and that they are carried out to the same standards in all Member States, it is necessary to set out the conditions that they should meet.

(11) To ensure legal certainty and equal treatment of all Member States in making financial corrections, consistent with the principle of proportionality, it is necessary to set out the criteria for determining serious deficiencies in the effective functioning of management and control systems, define the main types of such deficiencies and set out the criteria for establishing the level of financial correction to be applied and criteria for applying extrapolated or flat rates financial corrections.

(12) In order to allow for the prompt application of the measures provided for in this Regulation, this Regulation should enter into force on the day following that of its publication in the *Official Journal of the European Union*,

HAS ADOPTED THIS REGULATION:

CHAPTER I

GENERAL PROVISIONS

Article 1

Subject matter

This Regulation lays down the following provisions supplementing Regulation (EU) No 223/2014:

(a) rules specifying the information in relation to the data to be recorded and stored in computerised form within the monitoring system established by the managing authority;

(b) detailed minimum requirements for the audit trail in respect of the accounting records to be maintained and the supporting documents to be held at the level of the certifying authority, managing authority, intermediate bodies and beneficiaries;

(c) the scope and content of audits of operations and audits of the accounts and the methodology for the selection of the sample of operations;

(d) detailed rules on the use of data collected during audits carried out by Commission officials or authorised Commission representatives;

(e) detailed rules concerning the criteria for determining serious deficiencies in the effective functioning of management and control systems, including the main types of such deficiencies, the criteria for establishing the level of financial correction to be applied and the criteria for applying flat rates or extrapolated financial corrections.

CHAPTER II

SPECIFIC PROVISIONS FOR MANAGEMENT AND CONTROL SYSTEMS

Article 2

Data to be recorded and stored in computerised form

(Article 32(8) of Regulation (EU) No 223/2014)

1. The information on data to be recorded and stored in computerised form for each operation in the monitoring system set up in accordance with Article 32(2)(d) of Regulation (EU) No 223/2014 is set out in Annex I to this Regulation.

2. Data shall be recorded and stored for each operation, including, in case of operations supported by OP II, data on individual participants, broken down by gender where available, in order to allow it to be aggregated where this is necessary for the purposes of monitoring, evaluation, financial management, verification and audit. It shall also allow the aggregation of such data cumulatively for the entire programming period.

Article 3

Detailed minimum requirements for the audit trail

(Article 32(9) of Regulation (EU) No 223/2014)

1. The detailed minimum requirements for the audit trail in respect of the accounting records to be maintained and the supporting documents to be held shall be the following:

(a) the audit trail shall allow the application of the selection criteria established in the food and/or basic material assistance operational programme (OP I), or by the monitoring committee for OP II to be verified;

(b) in relation to grants under Article 25(1)(a) of Regulation (EU) No 223/2014, the audit trail shall allow the aggregate amounts certified to the Commission to be reconciled with the detailed accounting records and supporting documents held by the certifying authority, managing authority, intermediate bodies and beneficiaries as regards operations co-financed under the operational programme;

(c) in relation to grants under Articles 25(1)(b) and (c), the audit trail shall allow the aggregate amounts certified to the Commission to be reconciled with the detailed data relating to outputs or results and supporting documents held by the certifying authority, managing authority, intermediate bodies and beneficiaries, including where applicable documents on the method of setting the standard scales for unit costs and the lump sums, as regards operations co-financed under the operational programme;

(d) in relation to costs determined in accordance with Articles 25(1)(d) of Regulation (EU) No 223/2014, the audit trail shall demonstrate and justify the calculation method, where applicable, and the basis on which the flat rates have been decided, and the eligible direct costs or costs declared under other chosen categories to which the flat rate applies;

(e) in relation to costs determined in accordance with Article 26(2)(b), (c), (e) and 26(3) second part, of Regulation (EU) No 223/2014, the audit trail shall allow the eligible direct costs or cost declared under other categories of costs to which the flat rate applies to be substantiated;

(f) the audit trail shall allow the payment of the public contribution to the beneficiary to be verified;

(g) for each operation, as appropriate, the audit trail shall include the technical specifications and financing plan, documents concerning the grant approval, documents relating to public procurement procedures, reports by the beneficiary and reports on verifications and audits carried out;

(h) the audit trail shall include information on management verifications and audits carried out on the operation;

(i) the audit trail shall allow data in relation to output indicators for the operation to be reconciled with reported data and result and, where appropriate, targets for the programme.

For costs referred to in points (c) and (d), the audit trail shall allow the calculation method used by the managing authority to be verified for compliance with Article 25(3) of Regulation (EU) No 223/2014.

2. The managing authority shall ensure that a record is available of the identity and location of bodies holding all the supporting documents required to ensure an adequate audit trail meeting all the minimum requirements laid down in paragraph 1.

Article 4

Use of the data collected during audits carried out by Commission officials or authorised Commission representatives

(Article 34(8) of Regulation (EU) No 223/2014)

1. The Commission shall take all necessary measures to prevent any unauthorised disclosure of, or access to, the data collected by the Commission in the course of its audits.

2. The Commission shall use the data collected in the course of its audits for the sole purpose of fulfilling its responsibilities under Article 36 of Regulation (EU) No 223/2014. The European Court of Auditors and the European Anti-Fraud Office shall have access to the data collected.

3. The data collected shall not be sent to persons other than those in the Member States or within the Union institutions whose duties require that they have access to it in accordance with the applicable rules without the express agreement of the Member State supplying the data.

Article 5

Audits of operations

(Article 34(7) of Regulation (EU) No 223/2014)

1. Audits of operations shall be carried out in respect of each accounting year on a sample of operations selected by a method established or approved by the audit authority in accordance with Article 6 of this Regulation.

2. Audits of operations shall be carried out on the basis of supporting documents constituting the audit trail and shall verify the legality and regularity of expenditure declared to the Commission, including the following aspects:

(a) that the operation was selected in accordance with the selection criteria for the operational programme, was not physically completed or fully implemented before the beneficiary submitted the application for funding under the operational programme, has been implemented in accordance with the approval decision and fulfilled any conditions applicable at the time of the audit concerning its functionality, use, and objectives to be attained;

(b) that the expenditure declared to the Commission corresponds to the accounting records and that the required supporting documentation demonstrates an adequate audit trail as set out in Article 3 of this Regulation;

(c) that for expenditure declared to the Commission determined in accordance with Article 25(1)(b) and (c), outputs and results underpinning payments to the beneficiary have been delivered, participant data, where applicable, or other records related to outputs and results are consistent with the information submitted to the Commission and that the required supporting documentation demonstrates an adequate audit trail as set out in Article 3 of this Regulation.

Audits shall also verify that the public contribution has been paid to the beneficiary in accordance with Article 42(2) of Regulation (EU) No 223/2014.

3. Audits of operations shall, where applicable, include on-the-spot verification of the physical implementation of the operation.

4. Audits of operations shall verify the accuracy and completeness of the corresponding expenditure recorded by the certifying authority in its accounting system and the reconciliation of the audit trail at all levels.

5. Where problems detected appear to be systemic in nature and therefore entail a risk for other operations under the operational programme, the audit authority shall ensure further examination, including, where necessary, additional audits to establish the scale of such problems, and shall recommend the necessary corrective actions.

6. Only expenditure falling within the scope of an audit carried out pursuant to paragraph 1 shall be counted towards the amount of expenditure audited, for the purposes of reporting to the Commission on annual coverage. For those purposes, the model for the control report set out on the basis of Article 34(6) of Regulation (EU) No 223/2014 shall be used.

Article 6

Methodology for the selection of the sample of operations

(Article 34(7) of Regulation (EU) No 223/2014)

1. The audit authority shall establish the method for the selection of the sample (the sampling method) in accordance with the requirements set out in this Article taking into account the internationally accepted auditing standards, INTOSAI, IFAC or IIA.

2. In addition to the explanations provided in the audit strategy, the audit authority shall keep a record of the documentation and professional judgement used to establish the sampling methods, covering the planning, selection, testing and evaluation stages, in order to demonstrate that the established method is suitable.

3. A sample shall be representative of the population from which it is selected and enable the audit authority to draw up a valid audit opinion in accordance with Article 34(5)(a) of Regulation (EU) No 223/2014. That population shall comprise the expenditure of an operational programme which is included in the payment applications submitted to the Commission in accordance with Article 41 of Regulation (EU) No 223/2014 for a given accounting year. The sample may be selected during or after the accounting year.

4. For the purpose of application of Article 34(1) of Regulation (EU) No 223/2014, a sampling method is statistical when it ensures:

(i) a random selection of the sample items;

(ii) the use of probability theory to evaluate sample results, including measurement and control of the sampling risk and of the planned and achieved precision.

5. The sampling method shall ensure a random selection of each sampling unit in the population by using random numbers generated for each population unit in order to select the units constituting the sample or through systematic selection by using a random starting point and applying a systematic rule to select the additional items.

6. The sampling unit shall be determined by the audit authority, based on professional judgement. The sampling unit may be an operation, a project within an operation or a payment claim by a beneficiary. Information on the type of sampling unit determined and on the professional judgement used for that purpose shall be included in the control report.

7. Where the total expenditure relating to a sampling unit for the accounting year is a negative amount it shall be excluded from the population referred to in paragraph 3 above and shall be audited separately. The audit authority may also draw a sample of this separate population.

8. Where conditions for the proportional control provided for in Article 58(1) of Regulation (EU) No 223/2014 apply, the audit authority may exclude the items referred to in that Article from the population to be sampled. If the operation concerned has already been selected in the sample, the audit authority shall replace it using an appropriate random selection.

9. All expenditure declared to the Commission in the sample shall be subject to audit.

Where the selected sampling units include a large number of underlying payment claims or invoices, the audit authority may audit them through sub-sampling, selecting the underlying payment claims or invoices by using the same sampling parameters used to select the sampling units of the main sample.

In that case, appropriate sample sizes shall be calculated within each sample unit to be audited and, in any event, shall not be less than 30 underlying payment claims or invoices for each sampling unit.

10. The audit authority may stratify a population by dividing a population into sub-populations, each of which is a group of sampling units which have similar characteristics, in particular in terms of risk or expected error rate or where the population includes operations consisting of financial contributions from an operational programme to high-value items.

11. The audit authority shall evaluate the reliability of the system as high, average or low, taking into account the results of systems audits to determine the technical parameters of sampling so that the combined level of assurance obtained from the systems audits and audits of operations is high. For a system assessed as having high reliability the confidence level used for sampling operations shall not be less than 60 %. For a system assessed as having low reliability the confidence level used for sampling operations shall not be less than 90 %. The maximum materiality level shall be 2 % of the expenditure referred to in paragraph 3.

12. Where irregularities or a risk of irregularities have been detected, the audit authority shall decide on the basis of professional judgement whether it is necessary to audit a complementary sample of additional operations or parts of operations that were not audited in the random sample in order to take account of specific risk factors identified.

13. The audit authority shall analyse the results of the audits of the complementary sample separately, draw conclusions based on those results and communicate them to the Commission in the annual control report. Irregularities detected in the complementary sample shall not be included in the calculation of the projected random error of the random sample.

14. On the basis of the results of the audits of operations for the purpose of the audit opinion and control report referred to in Article 34(5)(a) and (b) of Regulation (EU) No 223/2014, the audit authority shall calculate a total error rate, which shall be the sum of the projected random errors and, if applicable, systemic errors and uncorrected anomalous errors, divided by the population.

Article 7

Audits of accounts

(Article 34(7) of Regulation (EU) No 223/2014)

1. The audits of accounts referred to in Article 49(1) of Regulation (EU) No 223/2014 shall be carried out by the audit authority in respect of each accounting year.

2. The audit of the accounts shall provide reasonable assurance on the completeness, accuracy and veracity of the amounts declared in the accounts.

3. For the purposes of paragraphs 1 and 2, the audit authority shall take into account, in particular, the results of the system audits carried out on the certifying authority and of the audits on operations.

4. The system audit shall include verification of the reliability of the accounting system of the certifying authority and, on a sample basis, of the accuracy of expenditure of amounts withdrawn and amounts recovered recorded in the certifying authority's accounting system.

5. For the purpose of the audit opinion, in order to conclude that the accounts give a true and fair view, the audit authority shall verify that all elements required by Article 49 of Regulation (EU) No 223/2014 are correctly included in the accounts and correspond to the supporting accounting records maintained by all relevant authorities or bodies and beneficiaries during the audit work performed by the audit authority. The audit authority shall in particular, on the basis of the accounts to be provided to it by the certifying authority, verify that:

(a) the total amount of eligible public expenditure declared in accordance with Article 49(1)(a) of Regulation (EU) No 223/2014 agrees with the expenditure and the corresponding public contribution included in payment applications submitted to the Commission for the relevant accounting year and, if there are differences, that adequate explanations have been provided in the accounts for the reconciling amounts;

(b) the amounts withdrawn and recovered during the accounting year, the amounts to be recovered as at the end of the accounting year and the irrecoverable amounts presented in the accounts correspond to the amounts entered in the accounting systems of the certifying authority and are based on decisions by the responsible managing authority or certifying authority;

(c) expenditure has been excluded from the accounts in accordance with Article 49(2) of Regulation (EU) No 223/2014, where applicable, and that all the required corrections are reflected in the accounts for the accounting year concerned.

Verifications referred to in points (b) and (c) may be carried out on a sample basis.

CHAPTER III

SPECIFIC PROVISIONS FOR FINANCIAL MANAGEMENT AND FINANCIAL CORRECTIONS

Article 8

Criteria for determining serious deficiencies in the effective functioning of management and control systems

(Article 55(4) of Regulation (EU) No 223/2014)

1. The Commission shall base its assessment of the effective functioning of management and control systems on the results of all available systems audits, including tests of controls, and of audits of operations.

The assessment shall cover the internal control environment of the programme, the management and control activities of the managing and certifying authorities, monitoring by the managing and certifying authority, and the control activities of the audit authority and shall be based on verification of compliance with the key requirements set out in Table 1 of Annex II.

The fulfilment of these key requirements shall be assessed on the basis of the categories set out in Table 2 of Annex II.

2. The main types of serious deficiency in the effective functioning of the management and control system shall be cases where any of the key requirements referred to in points 2, 4, 5, 13, 15, 16 and 18 of Table 1 of Annex II, or two or more of the other key requirements in Table 1 of Annex II are assessed as falling into categories 3 or 4 set out in Table 2 of Annex II.

Article 9

Criteria for applying flat rates or extrapolated financial corrections and criteria for determining the level of financial correction

(Article 55(4) of Regulation (EU) No 223/2014)

1. Financial corrections shall be applied for all or part of an operational programme, where the Commission identifies one or more serious deficiencies in the functioning of the management and control system.

Notwithstanding the first subparagraph, extrapolated financial corrections shall be applied, for all or part of an operational programme, where the Commission identifies systemic irregularities in a representative sample of operations, allowing for a more accurate quantification of the risk for the Union budget. In this case, the results of the examination of the representative sample shall be extrapolated to the rest of the population from which the sample was drawn for the purpose of determining the financial correction.

2. The level of flat-rate correction shall be fixed taking into account the following elements:

(a) the relative importance of the serious deficiency or serious deficiencies in the context of the management and control system as a whole;

(b) the frequency and extent of the serious deficiency or serious deficiencies;

(c) the degree of risk of loss for the Union budget.

3. Taking into account these elements, the level of financial correction shall be fixed as follows:

(a) where the serious deficiency or serious deficiencies in the management and control system is so fundamental, frequent or widespread that it represents a complete failure of the system that puts at risk the legality and regularity of all expenditure concerned, a flat rate of 100 % shall be applied;

(b) where the serious deficiency or serious deficiencies in the management and control system is so frequent and widespread that it represents an extremely serious failure of the system that puts at risk the legality and regularity of a very high proportion of the expenditure concerned, a flat rate of 25 % shall be applied;

(c) where the serious deficiency or serious deficiencies in the management and control system is due to the system not fully functioning or functioning so poorly or so infrequently that it puts at risk the legality and regularity of a high proportion of the expenditure concerned, a flat rate of 10 % shall be applied;

(d) where the serious deficiency or serious deficiencies in the management and control system is due to the system not functioning consistently so that it puts at risk the legality and regularity of a significant proportion of the expenditure concerned, a flat rate of 5 % shall be applied.

4. Where the application of a flat rate fixed in accordance with paragraph 3 would be disproportionate, the level of correction shall be reduced.

5. Where, due to a failure of the responsible authorities to take adequate corrective measures following the application of a financial correction in an accounting year, the same serious deficiency or serious deficiencies is identified in a subsequent accounting year, the rate of correction may, due to the persistence of the serious deficiency or serious deficiencies, be increased to a level not exceeding that of the next higher category.

Article 10

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

Article 3 shall apply from 1 December 2014, as regards information on data recorded and stored referred to in Annex I.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 13 March 2014.

For the Commission

The President

José Manuel BARROSO

ANNEX I

List of data to be recorded and stored in computerised form in the monitoring system (referred to in Article 2)

Data is required for operations supported by OP I and OP II [1] unless otherwise specified in the second column.

Data fields	Indication of type of OP for which data is not required
Data on the beneficiary [1]	
1. Name or unique identifier of each beneficiary	
2. Information whether the beneficiary is public law body or private law body	
3. Information whether VAT on expenditure incurred by the beneficiary is non-recoverable under national VAT legislation	
4. Contact details of the beneficiary	
Data on the operation	
5. Name or unique identifier of the operation	
6. Short description of the operation	
7. Date of submission of the application for the operation	
8. Starting date as indicated in the document setting out the conditions for support	
9. End date as indicated in the document setting out the conditions for support	
10. Actual date when the operation is physically completed or fully implemented	
11. Body issuing the document setting out the conditions for support	
12. Date of the document setting out the conditions for support	
13. Currency of the operation	
14. CCI of the programme(s) under which the operation is supported	
15. Type(s) of material assistance addressed	Not applicable for OP II
16. Type(s) of actions supported	Not applicable for OP I

[1] OP I refers to food and/or material assistance operational programmes and OP II refers to social inclusion of the most deprived persons operational programmes.

Data fields	Indication of type of OP for which data is not required
17. Code(s) for form of finance	
18. Code(s) for location	
19. Quantity of food purchased by a public body or partner organisation, where applicable	Not applicable for OP II
20. Quantity of food obtained by a public body, where applicable, in accordance with article 23(4) of the Regulation (EU) No 223/2014, where applicable	Not applicable for OP II
21. Quantity of food delivered to partner organisations, where applicable	Not applicable for OP II
22. Quantity of food delivered to end recipients, where applicable	Not applicable for OP II
23. Quantity of basic material assistance purchased by a public body or a partner organisation, where applicable	Not applicable for OP II
24. Quantity of basic material assistance delivered to partner organisations, where applicable	Not applicable for OP II
25. Quantity of basic material assistance delivered to end recipients, where applicable	Not applicable for OP II
Data on indicators	
26. Title of common indicators relevant for the operation	
27. Identifier for the common indicators relevant for the operation	
28. Achievement level of common indicators for each year of implementation or at the end of the operation	
29. Title of programme specific indicators relevant for the operation	Not applicable for OP I
30. Identifier for the programme specific indicators relevant for the operation	Not applicable for OP I
31. Specific targets for programme specific output indicators	Not applicable for OP I
32. Achievement level of programme specific output indicators for each year of implementation or at the end of the operation,	Not applicable for OP I
33. Measurement unit for each output target	Not applicable for OP I
34. Baseline for result indicators	Not applicable for OP I
35. Target level for result indicators	Not applicable for OP I

Data fields	Indication of type of OP for which data is not required
36. Measurement unit for each result target and baseline	Not applicable for OP I
37. Measurement unit for each indicator	
Financial data on each operation (in the currency applicable to the operation)	
38. Amount of the total eligible cost of the operation approved in the document setting out the conditions for support	
39. Amount of the total eligible costs constituting public expenditure as defined in Article 2(12) of Regulation (EU) No 223/2014	
40. Amount of public support, as set out in the document setting out the conditions for support	
Data on payment claims from the beneficiary (in the currency applicable to the operation)	
41. Date of receipt of each payment claim from the beneficiary	
42. Date of each payment to the beneficiary on basis of payment claim	
43. Amount of eligible expenditure in payment claim forming the basis for each payment to the beneficiary	
44. Amount of public expenditure as defined in Article 2(12) of Regulation (EU) No 223/2014 corresponding to the eligible expenditure forming the basis for each payment	
45. Amount of each payment to the beneficiary on basis of payment claim	
46. Start date of on the spot verifications on the operation carried out pursuant to Article 32(5)(b) of Regulation (EU) No 223/2014	
47. Date of on the spot audits of the operation pursuant to Article 34(1) of Regulation (EU) No 223/2014 and Article 6 of this Regulation	
48. Body carrying out the audit or verification	
Data on expenditure in payment claim from beneficiary based on real costs(in the currency applicable to the operation)	
49. Eligible public expenditure declared to the Commission established on the basis of costs actually incurred and paid	
50. Public expenditure as defined in Article 2(12) of Regulation (EU) No 223/2014 corresponding to the eligible public expenditure declared to the Commission established on the basis of costs actually reimbursed and paid	
51. Contract type if the contract award is subject to the provisions of Directive 2004/18/EC [2] (provision of services/provision of goods) or Directive 2014/23/EU of the European Parliament and of the Council [3]	

Data fields	Indication of type of OP for which data is not required
52. Contract amount if the contract award is subject to the provisions of Directive 2004/18/EC or Directive 2014/23/EU	
53. Eligible expenditure incurred and paid based on a contract if the contract is subject to the provisions of Directive 2004/18/EC or Directive 2014/23/EU	
54. The procurement procedure used if the contract award is subject to the provisions of Directive 2004/18/EC or Directive 2014/23/EU	
55. Name or unique identifier of the contractor if the contract award is subject to the provisions of Directive 2014/23/EU	
Data on expenditure in payment claim from beneficiary based on standard scales of unit costs (amounts in the currency applicable to the operation)	
56. Amount of eligible public expenditure declared to the Commission established on the basis of standard scales of unit costs	
57. Public expenditure as defined in Article 2(12) of Regulation (EU) No 223/2014 corresponding to the eligible public expenditure declared to the Commission established on the basis of standard scales of unit costs	
58. Definition of a unit to be used for the purposes of the standard scale of unit costs	
59. Number of units delivered as indicated in the payment claim for each unit item	
60. Unit cost for a single unit for each unit item	
Data on expenditure in payment claim from beneficiary based on lump sum payments (amounts in the currency applicable to the operation)	
61. Amount of eligible public expenditure declared to the Commission established on the basis of lump sums	
62. Public expenditure as defined in Article 2(12) of Regulation (EU) No 223/2014 corresponding to the eligible public expenditure declared to the Commission established on the basis of lump sums	
63. For each lump sum, deliverables (outputs or results) agreed in the document setting out the conditions for support as the basis for disbursement of lump sum payments	
64. For each lump sum, agreed amount in the document setting out the conditions for support	
Data on expenditure in payment claim from beneficiary based on flat rates (in the currency applicable to the operation)	
65. Amount of eligible public expenditure declared to the Commission established on the basis of a flat rate	
66. Public expenditure as defined in Article 2(12) of Regulation (EU) No 223/2014 corresponding to the eligible public expenditure declared to the Commission established on the basis of a flat rate	

Data fields	Indication of type of OP for which data is not required
Data on recoveries from the beneficiary	
67. Date of each recovery decision	
68. Amount of public support affected by each recovery decision	
69. Total eligible expenditure affected by each recovery decision	
70. Date of receipt of each amount paid back by the beneficiary following a recovery decision	
71. Amount of public support paid back by the beneficiary following a recovery decision (without interest or penalties)	
72. Total eligible expenditure corresponding to the public support paid back by the beneficiary	
73. Amount of public support irrecoverable following a recovery decision	
74. Total eligible expenditure corresponding to irrecoverable public support	
Data on payment applications to the Commission (in EUR)	
75. Date of submission of each payment application including eligible expenditure from the operation	
76. The total amount of eligible public expenditure incurred by the beneficiary and paid in implementing the operation included in each payment application	
77. The total amount of public expenditure as defined in Article 2(12) of Regulation (EU) No 223/2014 of the operation included in each payment application	
Data on accounts submitted to the Commission under Article 48 of Regulation (EU) No 223/2014 (in EUR)	
78. The date of submission of each set of accounts including expenditure under the operation	
79. Date of submission of the accounts in which the final expenditure of the operation is included following the completion of the operation (where the total eligible expenditure is EUR 1 000 000 or more (Article 51 of Regulation (EU) No 223/2014))	
80. Total amount of eligible public expenditure of the operation entered into the accounting systems of the certifying authority which has been included in the accounts	
81. Total amount of public expenditure as defined in Article 2(12) of Regulation (EU) No 223/2014 incurred in implementing the operation corresponding to the total amount of eligible public expenditure entered into the accounting systems of the certifying authority which has been included in the accounts	

Data fields	Indication of type of OP for which data is not required
82. Total amount of payments made to the beneficiary under Article 42(2) of Regulation (EU) No 223/2014 corresponding to the total amount of public eligible expenditure entered into the accounting systems of the certifying authority which has been included in the accounts	
83. Total public eligible expenditure of the operation withdrawn during the accounting year included in the accounts	
84. Total public expenditure as defined in Article 2(12) of Regulation (EU) No 223/2014 corresponding to the public eligible expenditure withdrawn during the accounting year included in the accounts	
85. Total public eligible expenditure of the operation recovered during the accounting year included in the accounts	
86. Total public expenditure corresponding to the total public eligible expenditure of the operation recovered during the accounting year included in the accounts	
87. Total public eligible expenditure of the operation to be recovered as at the end of the accounting year included in the accounts	
88. Total public expenditure of the operation corresponding to the total public eligible expenditure to be recovered as at the end of the accounting year included in the accounts	
89. Total eligible amount of public expenditure of the operation irrecoverable as at the end of the accounting year included in the accounts	
90. Total public expenditure of the operation corresponding to the total eligible amount of public expenditure irrecoverable as at the end of the accounting year included in the accounts	

(1) Beneficiary includes, where applicable, other bodies incurring expenditure under the operation which is treated as expenditure incurred by the beneficiary.
(2) Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts (OJ L 134, 30.4.2004, p. 114).
(3) Directive of the European Parliament and of the Council 2014/23/EU of 26 February 2014 on the award of concession contracts (OJ L 94, 28.3.2014, p. 1).

ANNEX II

Key requirements of management and control systems and their classification with regard to their effective functioning referred to in Article 9

Table 1

Key requirements

Key requirements of management and control system		Bodies/authorities concerned	Scope
1	Adequate separation of functions and adequate systems for reporting and monitoring in cases where the responsible authority entrusts execution of tasks to another body.	Managing authority	Internal control environment
2	Appropriate selection of operations.	Managing authority	Management and control activities
3	Adequate information to beneficiaries on applicable conditions for the selected operations.	Managing authority	
4	Adequate management verifications.	Managing authority	
5	Effective system in place to ensure that all documents regarding expenditure and audits are held to ensure an adequate audit trail.	Managing authority	Management and control activities/Monitoring
6	Reliable system for collecting, recording and storing data for monitoring, evaluation, financial management, verification and audit purposes.	Managing authority	
7	Effective implementation of proportionate anti-fraud measures.	Managing authority	Management and control activities
8	Appropriate procedures for drawing up the management declaration and annual summary of final audit reports and of controls carried out.	Managing authority	
9	Adequate separation of functions and adequate systems for reporting and monitoring in cases where the responsible authority entrusts execution of tasks to another body.	Certifying authority	Internal control environment
10	Appropriate procedures for drawing up and submitting payment applications.	Certifying authority	Management and control activities/Monitoring
11	Appropriate computerised records of expenditure declared and of the corresponding public contribution are maintained.	Certifying authority	Management and control activities
12	Appropriate and complete account of amounts recoverable, recovered and withdrawn.	Certifying authority	
13	Appropriate procedures for drawing up and certifying the completeness, accuracy and veracity of the annual accounts.	Certifying authority	
14	Adequate separation of functions and adequate systems for ensuring that any other body that carries out audits in accordance with the programme audit strategy has the necessary functional independence and takes account of internationally accepted audit standards.	Audit authority	Internal control environment

Key requirements of management and control system		Bodies/authorities concerned	Scope
15	Adequate systems audits.	Audit authority	Control activities
16	Adequate audits of operations.	Audit authority	
17	Adequate audits of accounts.	Audit authority	
18	Adequate procedures for providing a reliable audit opinion and for preparing the annual control report.	Audit authority	

Table 2

Classification of key requirements for management and control systems with regard to their functioning

Category 1	Works well. No, or only minor improvement(s) needed.
Category 2	Works. Some improvement(s) needed.
Category 3	Works partially. Substantial improvements needed.
Category 4	Essentially does not work.

COMMISSION IMPLEMENTING REGULATION (EU) No 533/2014

of 19 May 2014

establishing the standard import values for determining the entry price of certain fruit and vegetables

THE EUROPEAN COMMISSION,

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

Having regard to Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation) ([1]),

Having regard to Commission Implementing Regulation (EU) No 543/2011 of 7 June 2011 laying down detailed rules for the application of Council Regulation (EC) No 1234/2007 in respect of the fruit and vegetables and processed fruit and vegetables sectors ([2]), and in particular Article 136(1) thereof,

Whereas:

(1) Implementing Regulation (EU) No 543/2011 lays down, pursuant to the outcome of the Uruguay Round multilateral trade negotiations, the criteria whereby the Commission fixes the standard values for imports from third countries, in respect of the products and periods stipulated in Annex XVI, Part A thereto.

(2) The standard import value is calculated each working day, in accordance with Article 136(1) of Implementing Regulation (EU) No 543/2011, taking into account variable daily data. Therefore this Regulation should enter into force on the day of its publication in the *Official Journal of the European Union*,

HAS ADOPTED THIS REGULATION:

Article 1

The standard import values referred to in Article 136 of Implementing Regulation (EU) No 543/2011 are fixed in the Annex to this Regulation.

Article 2

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 19 May 2014.

For the Commission,
On behalf of the President,
Jerzy PLEWA
Director-General for Agriculture and Rural Development

([1]) OJ L 299, 16.11.2007, p. 1.
([2]) OJ L 157, 15.6.2011, p. 1.

ANNEX

Standard import values for determining the entry price of certain fruit and vegetables

(EUR/100 kg)

CN code	Third country code (1)	Standard import value
0702 00 00	MA	41,3
	MK	75,3
	TR	67,1
	ZZ	61,2
0707 00 05	AL	41,5
	MK	38,2
	TR	124,7
	ZZ	68,1
0709 93 10	TR	110,3
	ZZ	110,3
0805 10 20	EG	42,2
	IL	74,1
	MA	45,8
	TR	52,6
	ZA	53,8
	ZZ	53,7
0805 50 10	TR	94,4
	ZZ	94,4
0808 10 80	AR	97,8
	BR	90,6
	CL	96,2
	CN	98,6
	MK	32,3
	NZ	138,8
	US	200,7
	UY	70,3
	ZA	98,0
	ZZ	102,6

(1) Nomenclature of countries laid down by Commission Regulation (EC) No 1833/2006 (OJ L 354, 14.12.2006, p. 19). Code 'ZZ' stands for 'of other origin'.

DIRECTIVES

COMMISSION DELEGATED DIRECTIVE 2014/69/EU

of 13 March 2014

amending, for the purposes of adapting to technical progress, Annex IV to Directive 2011/65/EU of the European Parliament and of the Council as regards an exemption for lead in dielectric ceramic in capacitors for a rated voltage of less than 125 V AC or 250 V DC for industrial monitoring and control instruments

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

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

Having regard to Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment ([1]), and in particular Article 5(1)(a) thereof,

Whereas:

(1) Directive 2011/65/EU prohibits the use of lead in electrical and electronic equipment placed on the market.

(2) Both the substitution of lead in dielectric ceramic in capacitors for a rated voltage of less than 125 V AC or 250 V DC used in industrial monitoring and control instruments (IMCIs) and the substitution of these components in IMCIs are still technically impracticable.

(3) Although the substitution of lead in low voltage ceramic capacitors is possible for other applications, the use of these lead-free components in IMCIs requires manufacturers to redesign their IMCIs or parts thereof, and requalify the new designs, in order to make them technically practicable and to demonstrate reliability. The use of lead in low voltage ceramic capacitors for industrial monitoring and control instruments should therefore be exempted from the prohibition until 31 December 2020. In view of the innovation cycles for IMCIs this is a relatively short transition period which is unlikely to have adverse impacts on innovation.

(4) In accordance with the repair-as-produced principle of Directive 2011/65/EU, which is meant to extend the lifetime of compliant products once placed on the market, spare parts shall benefit from this exemption past its end date without time limitations.

(5) Directive 2011/65/EU should therefore be amended accordingly,

HAS ADOPTED THIS DIRECTIVE:

Article 1

Annex IV to Directive 2011/65/EU is amended as set out in the Annex to this Directive.

Article 2

1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by the last day of the sixth month after entry into force at the latest. They shall forthwith communicate to the Commission the text of those provisions.

When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.

2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.

([1]) OJ L 174, 1.7.2011, p. 88.

Article 3

This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

Article 4

This Directive is addressed to the Member States.

Done at Brussels, 13 March 2014.

For the Commission
The President
José Manuel BARROSO

ANNEX

In Annex IV to Directive 2011/65/EU the following point 40 is added:

'40. Lead in dielectric ceramic in capacitors for a rated voltage of less than 125 V AC or 250 V DC for industrial monitoring and control instruments.

Expires on 31 December 2020. May be used after that date in spare parts for industrial monitoring and control instruments placed on the market before 1 January 2021.'

COMMISSION DELEGATED DIRECTIVE 2014/70/EU

of 13 March 2014

amending, for the purposes of adapting to technical progress, Annex IV to Directive 2011/65/EU of the European Parliament and of the Council as regards an exemption for lead in micro-channel plates (MCPs)

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

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

Having regard to Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment ([1]), and in particular Article 5(1)(a) thereof,

Whereas:

(1) Directive 2011/65/EU prohibits the use of lead in electrical and electronic equipment placed on the market.

(2) Micro-channel plates (MCPs) are used for the detection and amplification of ions and electrons in medical devices and monitoring and control instruments. The substitution of lead in MCPs is scientifically and technically impracticable.

(3) The substitution of MCPs as components with alternative detectors is not viable under conditions where extreme miniaturisation, very short response times or very high signal multiplication factors are required. The use of lead in those cases where the performance and specific features of MCPs exceed alternative detectors should therefore be exempted from the prohibition. As currently no lead-free alternatives are in sight, pursuant to Article 5(2) of Directive 2011/65/EU, the validity period of the exemption should be 7 years from the relevant compliance dates for medical devices, monitoring and control instruments, in vitro medical devices and industrial monitoring and control instruments, as laid down in Article 4(3) of Directive 2011/65/EU. In view of the innovation cycles for all medical devices and monitoring and control instruments 7 years is a relatively short transition period which is unlikely to have adverse impacts on innovation.

(4) Directive 2011/65/EU should therefore be amended accordingly,

HAS ADOPTED THIS DIRECTIVE:

Article 1

Annex IV to Directive 2011/65/EU is amended as set out in the Annex to this Directive.

Article 2

1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by the last day of the sixth month after entry into force at the latest. They shall forthwith communicate to the Commission the text of those provisions.

When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.

2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.

([1]) OJ L 174, 1.7.2011, p. 88.

Article 3

This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

Article 4

This Directive is addressed to the Member States.

Done at Brussels, 13 March 2014.

For the Commission
The President
José Manuel BARROSO

ANNEX

In Annex IV to Directive 2011/65/EU the following point 39 is added:

'39. Lead in micro-channel plates (MCPs) used in equipment where at least one of the following properties is present:

(a) a compact size of the detector for electrons or ions, where the space for the detector is limited to a maximum of 3 mm/MCP (detector thickness + space for installation of the MCP), a maximum of 6 mm in total, and an alternative design yielding more space for the detector is scientifically and technically impracticable;

(b) a two-dimensional spatial resolution for detecting electrons or ions, where at least one of the following applies:

(i) a response time shorter than 25 ns;

(ii) a sample detection area larger than 149 mm^2;

(iii) a multiplication factor larger than $1{,}3 \times 10^3$.

(c) a response time shorter than 5 ns for detecting electrons or ions;

(d) a sample detection area larger than 314 mm^2 for detecting electrons or ions;

(e) a multiplication factor larger than $4{,}0 \times 10^7$.

The exemption expires on the following dates:

(a) 21 July 2021 for medical devices and monitoring and control instruments;

(b) 21 July 2023 for in-vitro diagnostic medical devices;

(c) 21 July 2024 for industrial monitoring and control instruments.'

COMMISSION DELEGATED DIRECTIVE 2014/71/EU

of 13 March 2014

amending, for the purposes of adapting to technical progress, Annex IV to Directive 2011/65/EU of the European Parliament and of the Council as regards an exemption for lead in solder in one interface of large area stacked die elements

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

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

Having regard to Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment, [1] and in particular Article 5(1)(a) thereof,

Whereas:

(1) Directive 2011/65/EU prohibits the use of lead in electrical and electronic equipment placed on the market.

(2) SDE (stacked die elements) detector technology is used in X-ray detectors of computed tomography (CT) and X-ray systems. It offers advantages for patients as it reduces the necessary X-ray dose exposure. Large area SDE detectors cannot yet be produced with lead-free solders. The substitution and the elimination of lead are therefore scientifically and technically impracticable for the above-mentioned applications.

(3) The use of lead in large area stacked die elements with more than 500 interconnects per interface used in X-ray detectors of CT and X-ray systems should therefore be exempted from the prohibition until 31 December 2019. In view of the innovation cycles of the medical devices and monitoring and control instruments sectors this is a relatively short transition period which is unlikely to have adverse impacts on innovation.

(4) In accordance with the repair-as-produced principle of Directive 2011/65/EU, which is meant to extend the life-time of compliant products once placed on the market, spare parts shall benefit from this exemption past its end date without time limitations.

(5) Directive 2011/65/EU should therefore be amended accordingly,

HAS ADOPTED THIS DIRECTIVE:

Article 1

Annex IV to Directive 2011/65/EU is amended as set out in the Annex to this Directive.

Article 2

1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by the last day of the sixth month after entry into force at the latest. They shall forthwith communicate to the Commission the text of those provisions.

When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.

2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.

[1] OJ L 174, 1.7.2011, p. 88.

Article 3

This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

Article 4

This Directive is addressed to the Member States.

Done at Brussels, 13 March 2014.

For the Commission
The President
José Manuel BARROSO

ANNEX

In Annex IV to Directive 2011/65/EU the following point 38 is added:

'38. Lead in solder in one interface of large area stacked die elements with more than 500 interconnects per interface which are used in X-ray detectors of computed tomography and X-ray systems.

Expires on 31 December 2019. May be used after that date in spare parts for CT and X-ray systems placed on the market before 1 January 2020.'

COMMISSION DELEGATED DIRECTIVE 2014/72/EU

of 13 March 2014

amending, for the purposes of adapting to technical progress, Annex III to Directive 2011/65/EU of the European Parliament and of the Council as regards an exemption for lead in solders and termination finishes of electrical and electronic components and finishes of printed circuit boards used in ignition modules and other electrical and electronic engine control systems

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

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

Having regard to Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment, [1] and in particular Article 5(1)(a) thereof,

Whereas:

(1) Directive 2011/65/EU prohibits the use of lead in electrical and electronic equipment placed on the market.

(2) Ignition modules and other electrical and electronic combustion engine control systems, which have to be mounted close to the moving parts of handheld tools and which are indispensable for the operation of the engine, are exposed to high vibrations and intense thermal stress. These harsh environmental conditions require the use of lead. Neither the substitution nor the elimination of lead in these components is technically practicable.

(3) Manufacturers need additional time to make possible lead-free alternatives technically practicable and to demonstrate reliability. The use of lead in solders and termination finishes of electrical and electronic components and finishes of printed circuit boards used in ignition modules and other electrical and electronic engine control systems should therefore be exempted from the prohibition until 31 December 2018. This is a relatively short transition period which is unlikely to have adverse impacts on innovation.

(4) Directive 2011/65/EU should therefore be amended accordingly,

HAS ADOPTED THIS DIRECTIVE:

Article 1

Annex III to Directive 2011/65/EU is amended as set out in the Annex to this Directive.

Article 2

1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by the last day of the sixth month after entry into force at the latest. They shall forthwith communicate to the Commission the text of those provisions.

When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.

2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.

Article 3

This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

[1] OJ L 174, 1.7.2011, p. 88.

Article 4

This Directive is addressed to the Member States.

Done at Brussels, 13 March 2014.

For the Commission
The President
José Manuel BARROSO

ANNEX

In Annex III to Directive 2011/65/EU the following point 41 is added:

'41	Lead in solders and termination finishes of electrical and electronic components and finishes of printed circuit boards used in ignition modules and other electrical and electronic engine control systems, which for technical reasons must be mounted directly on or in the crankcase or cylinder of hand-held combustion engines (classes SH:1, SH:2, SH:3 of Directive 97/68/EC of the European Parliament and of the Council (*)	Expires on 31 December 2018

(*) Directive 97/68/EC of the European Parliament and of the Council of 16 December 1997 on the approximation of the laws of the Member States relating to measures against the emission of gaseous and particulate pollutants from internal combustion engines to be installed in non-road mobile machinery (OJ L 59, 27.2.1998, p. 1).'

COMMISSION DELEGATED DIRECTIVE 2014/73/EU

of 13 March 2014

amending, for the purposes of adapting to technical progress, Annex IV to Directive 2011/65/EU of the European Parliament and of the Council as regards an exemption for lead in platinized platinum electrodes used for conductivity measurements

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

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

Having regard to Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment, [1] and in particular Article 5(1)(a) thereof,

Whereas:

(1) Directive 2011/65/EU prohibits the use of lead in electrical and electronic equipment placed on the market.

(2) Platinized platinum electrodes (PPEs) are platinum electrodes covered with a thin layer of platinum black. These electrodes are used when wide-range conductivity measurements are required or for measuring conductivity under strongly acidic or alkaline conditions. Both the substitution or elimination of lead in PPEs and the substitution of PPEs with other types of electrodes are scientifically and technically impracticable under these conditions.

(3) The use of lead in PPEs for wide-range conductivity measurements or for measuring conductivity under strongly acidic or alkaline conditions should therefore be exempted from the prohibition until 31 December 2018. This transition period is necessary for research and unlikely to have adverse impacts on innovation.

(4) Directive 2011/65/EU should therefore be amended accordingly,

HAS ADOPTED THIS DIRECTIVE:

Article 1

Annex IV to Directive 2011/65/EU is amended as set out in the Annex to this Directive.

Article 2

1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by the last day of the sixth month after entry into force at the latest. They shall forthwith communicate to the Commission the text of those provisions.

When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.

2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.

[1] OJ L 174, 1.7.2011, p. 88.

Article 3

This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

Article 4

This Directive is addressed to the Member States.

Done at Brussels, 13 March 2014.

For the Commission
The President
José Manuel BARROSO

ANNEX

In Annex IV to Directive 2011/65/EU the following point 37 is added:

'37. Lead in platinized platinum electrodes used for conductivity measurements where at least one of the following conditions applies:

(a) wide-range measurements with a conductivity range covering more than 1 order of magnitude (e.g. range between 0,1 mS/m and 5 mS/m) in laboratory applications for unknown concentrations;

(b) measurements of solutions where an accuracy of +/– 1 % of the sample range and where high corrosion resistance of the electrode are required for any of the following:

(i) solutions with an acidity < pH 1;

(ii) solutions with an alkalinity > pH 13;

(iii) corrosive solutions containing halogen gas;

(c) measurements of conductivities above 100 mS/m that must be performed with portable instruments.

Expires on 31 December 2018.'

COMMISSION DELEGATED DIRECTIVE 2014/74/EU

of 13 March 2014

amending, for the purposes of adapting to technical progress, Annex IV to Directive 2011/65/EU of the European Parliament and of the Council as regards an exemption for lead used in other than C-press compliant pin connector systems for industrial monitoring and control instruments

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

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

Having regard to Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment, [1] and in particular Article 5(1)(a) thereof,

Whereas:

(1) Directive 2011/65/EU prohibits the use of lead in electrical and electronic equipment placed on the market.

(2) Compliant pin connector systems are used in high speed digitizers, radiofrequency and wave signal sources, and wireless test equipment. Lead-free compliant pin connector systems are not yet used in industrial monitoring and control instruments (IMCIs). IMCIs have higher performance and reliability requirements than other electrical and electronic equipment, and the reliability of lead-free substitutes is not ensured under these conditions.

(3) In order to allow manufacturers to make lead-free components technically practicable and to sufficiently demonstrate their reliability when used in IMCIs, the use of lead in other than C-press compliant pin connector systems for industrial monitoring and control instruments should therefore be exempted from the prohibition until 31 December 2020. In view of the innovation cycles for IMCIs this is a relatively short transition period which is unlikely to have adverse impacts on innovation.

(4) In accordance with the repair-as-produced principle of Article 4(4) of Directive 2011/65/EU, which is meant to extend the lifetime of compliant products once placed on the market, spare parts shall benefit from this exemption past its end date without time limitations.

(5) Directive 2011/65/EU should therefore be amended accordingly,

HAS ADOPTED THIS DIRECTIVE:

Article 1

Annex IV to Directive 2011/65/EU is amended as set out in the Annex to this Directive.

Article 2

1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by the last day of the sixth month after entry into force at the latest. They shall forthwith communicate to the Commission the text of those provisions.

When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.

2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.

[1] OJ L 174, 1.7.2011, p. 88.

Article 3

This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

Article 4

This Directive is addressed to the Member States.

Done at Brussels, 13 March 2014.

For the Commission
The President
José Manuel BARROSO

ANNEX

In Annex IV to Directive 2011/65/EU the following point 36 is added:

'36. Lead used in other than C-press compliant pin connector systems for industrial monitoring and control instruments.

Expires on 31 December 2020. May be used after that date in spare parts for industrial monitoring and control instruments placed on the market before 1 January 2021.'

COMMISSION DELEGATED DIRECTIVE 2014/75/EU

of 13 March 2014

amending, for the purposes of adapting to technical progress, Annex IV to Directive 2011/65/EU of the European Parliament and of the Council as regards an exemption for mercury in cold cathode fluorescent lamps (CCFLs) for back-lighting liquid crystal displays, not exceeding 5 mg per lamp, used in industrial monitoring and control instruments placed on the market before 22 July 2017

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

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

Having regard to Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment, [1] and in particular Article 5(1)(a) thereof,

Whereas:

(1) Directive 2011/65/EU prohibits the use of mercury in electrical and electronic equipment placed on the market.

(2) Many industrial monitoring and control instruments (IMCIs) are equipped with back-lighting liquid crystal displays that require the use of cold cathode fluorescent lamps (CCFLs) with 5 mg mercury. The total negative environmental, health and consumer safety impacts caused by substitution of mercury containing CCFLs in industrial monitoring and control instruments are likely to outweigh the total environmental, health and consumer safety benefits thereof.

(3) To enable the repair and prolong the service life of products, an exemption from the restriction of mercury in CCFLs for back-lighting liquid crystal displays in IMCIs should be granted. In accordance with the repair-as-produced principle, the exemption should apply to all products placed on the market before 22 July 2017, which is the compliance date for IMCIs, and the validity period of the exemption should be 7 years from that date. It is unlikely that the exemption will have adverse impacts on innovation.

(4) Directive 2011/65/EU should therefore be amended accordingly,

HAS ADOPTED THIS DIRECTIVE:

Article 1

Annex IV to Directive 2011/65/EU is amended as set out in the Annex to this Directive.

Article 2

1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by the last day of the sixth month after entry into force at the latest. They shall forthwith communicate to the Commission the text of those provisions.

When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.

2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.

[1] OJ L 174, 1.7.2011, p. 88.

Article 3

This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

Article 4

This Directive is addressed to the Member States.

Done at Brussels, 13 March 2014.

For the Commission
The President
José Manuel BARROSO

ANNEX

In Annex IV to Directive 2011/65/EU the following point 35 is added:

'35. Mercury in cold cathode fluorescent lamps for back-lighting liquid crystal displays, not exceeding 5 mg per lamp, used in industrial monitoring and control instruments placed on the market before 22 July 2017

Expires on 21 July 2024.'

COMMISSION DELEGATED DIRECTIVE 2014/76/EU

of 13 March 2014

amending, for the purposes of adapting to technical progress, Annex III to Directive 2011/65/EU of the European Parliament and of the Council as regards an exemption for Mercury in hand crafted luminous discharge tubes (HLDTs) used for signs, decorative or architectural and specialist lighting and light-artwork

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

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

Having regard to Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment [1], and in particular Article 5(1)(a) thereof,

Whereas:

(1) Directive 2011/65/EU prohibits the use of mercury in electrical and electronic equipment placed on the market.

(2) Handcrafted luminous discharge tubes (HLDTs) are handmade special purpose lamps which exist in a broad variety. Examples are neon signs, individual architectural illumination and special light emitters in the chemical analytical research. As HLDTs are used for indoor and outdoor applications and with an individual colour spectrum composition, they have to work reliably under sensitive and cold conditions with very high life expectations because they are often difficult to access. In order to function properly under these conditions, HLDTs require a minimum quantity of mercury.

(3) The elimination or substitution of mercury in HLDTs and the complete substitution of HLDTs with other technologies such as LED is scientifically and technically impracticable. The use of mercury in HLDTs used for signs, decorative or architectural and specialist lighting and light-artwork should therefore be exempted from the prohibition. The use of mercury should be limited to the necessary minimum amount and the validity period should end 31 December 2018, in order to avoid adverse impacts on innovation.

(4) Directive 2011/65/EU should therefore be amended accordingly,

HAS ADOPTED THIS DIRECTIVE:

Article 1

Annex III to Directive 2011/65/EU is amended as set out in the Annex to this Directive.

Article 2

1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by the last day of the sixth month after entry into force at the latest. They shall forthwith communicate to the Commission the text of those provisions.

When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.

2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.

[1] OJ L 174, 1.7.2011, p. 88.

Article 3

This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

Article 4

This Directive is addressed to the Member States.

Done at Brussels, 13 March 2014.

For the Commission
The President
José Manuel BARROSO

ANNEX

In Annex III to Directive 2011/65/EU the following point 4(g) is inserted:

'4(g)	Mercury in hand crafted luminous discharge tubes used for signs, decorative or architectural and specialist lighting and light-artwork, where the mercury content shall be limited as follows: (a) 20 mg per electrode pair + 0,3 mg per tube length in cm, but not more than 80 mg, for outdoor applications and indoor applications exposed to temperatures below 20 °C; (b) 15 mg per electrode pair + 0,24 mg per tube length in cm, but not more than 80 mg, for all other indoor applications.	Expires on 31 December 2018'

DECISIONS

COMMISSION IMPLEMENTING DECISION

of 16 May 2014

granting a derogation requested by the Netherlands pursuant to Council Directive 91/676/EEC concerning the protection of waters against pollution caused by nitrates from agricultural sources

(notified under document C(2014) 3103)

(Only the Dutch version is authentic)

(2014/291/EU)

THE EUROPEAN COMMISSION,

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

Having regard to Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources ([1]), and in particular the third subparagraph of paragraph 2 of Annex III thereto,

Whereas:

(1) If the amount of manure that a Member State intends to apply per hectare each year is different from the one specified in the first sentence of the second subparagraph of paragraph 2 of Annex III to Directive 91/676/EEC and in point (a) thereof, that amount has to be fixed so as not to prejudice the achievement of the objectives specified in Article 1 of that Directive and has to be justified on the basis of objective criteria, such as, in the present case, long growing seasons and crops with high nitrogen uptake.

(2) On 8 December 2005, the Commission adopted Decision 2005/880/EC ([2]) allowing the application of grazing livestock manure up to a limit of 250 kg nitrogen per hectare per year, under certain conditions, in farms with at least 70 % grassland.

(3) On 5 February 2010, the Commission adopted Decision 2010/65/EU ([3]), amending Decision 2005/880/EC and extending the derogation to 31 December 2013.

(4) The derogation thus granted concerned 21 752 farms in 2012, corresponding to 46 % of the total net agricultural area.

(5) On 22 January 2014, the Netherlands submitted to the Commission a request for renewed derogation under the third subparagraph of paragraph 2 of Annex III to Directive 91/676/EEC.

(6) The Netherlands, in conformity with paragraph 5 of Article 3 of Directive 91/676/EEC, applies an action programme throughout its whole territory.

(7) The Dutch legislation implementing Directive 91/676/EEC includes application standards both for nitrogen and phosphate.

(8) The data reported by the Netherlands concerning the period 2008-2011, show an increase of 7 % pig numbers and of 8 % poultry numbers as compared to the period 2004-2007. The numbers of cattle, sheep and goats remained stable. The competent authorities in the Netherlands have set limitations on the number of pigs and poultry coupled with the commitment that manure production both in terms of nitrogen and phosphorus will not increase beyond the level of the year 2002. Moreover, as from January 2015, the competent authorities in the Netherlands shall ensure that an appropriate share of surplus manure from the dairy sector is processed. These measures are necessary to ensure that the application of the current derogation would not lead to further intensification.

([1]) OJ L 375, 31.12.1991, p. 1.
([2]) OJ L 324, 10.12.2005, p. 89.
([3]) OJ L 35, 6.2.2010, p. 18.

(9) Nitrogen use from livestock manure in the period 2008-2011 was 344 thousand tonnes, with a slight decrease as compared to 2004-2007. Chemical N fertiliser use decreased by around 18 % in the period 2008-2011 compared to 2004-2007. Phosphorus surplus in the period 2008-2011 was 16 thousand tonnes with a decline of 51 % compared to 2004-2007.

(10) The climate in the Netherlands, characterised by an annual rainfall evenly distributed throughout the year and a relatively narrow annual temperature range promote a long grass-growing season of 250 days per year.

(11) The information provided by the Dutch authorities in the context of the derogation granted by Decision 2010/65/EU, indicates that the derogation has not led to a deterioration of water quality. The Report from the Commission to the Council and the European Parliament on the implementation of Directive 91/676/EEC concerning the protection of waters against pollution caused by nitrates from agricultural sources based on Member State reports for the period 2008-2011 shows that in the Netherlands for groundwater, around 88 % of monitoring stations have mean nitrate concentrations below 50 mg/l and 79 % of monitoring stations have mean nitrate concentrations below 25 mg/l. Monitoring data show a downward trend in nitrate concentration in groundwater as compared to the previous reporting period (2004-2007). For surface water, 98 % of monitoring stations have mean nitrate concentrations below 50 mg/l and 92 % of monitoring stations have mean nitrate concentrations below 25 mg/l. The majority of monitoring points in surface waters shows a stable or decreasing trend in nitrate concentrations. The annual nitrogen and phosphorus soil surplus has been reduced, mainly through a reduction of manure and mineral fertilizer inputs due to continous decrease of nitrogen and phosphorus application standards in the Dutch action programmes. In the reporting period 2008-2011, all fresh and transitional waters were classified as either eutrophic or hypertrophic.

(12) The Commission considers that the conditions for granting derogation must be changed on the basis of the examination of the request from the Netherlands submitted on 22 January 2014 and consideration of the action programme, the information on water quality and the experience gained from the derogation granted by Decision 2010/65/EU and from the derogations in place in other Member States. Consequently the Commission considers that an amount of grazing livestock manure corresponding to 230 kg nitrogen per hectare per year can be allowed on farms with at least 80 % grassland on southern and central sandy soils and on loess soils as defined in the action programme, whereas 250 kg nitrogen per hectare per year can only be allowed on farms with at least 80 % grassland on other soils. The Commission considers that this will not prejudice the achievement of the objectives of Directive 91/676/EEC, subject to certain strict conditions being met.

(13) These conditions include the establishment of a fertiliser plan at farm level, the recording of fertiliser practices through fertiliser accounts, periodic soil analysis, green cover in winter after maize, specific provisions on grass ploughing, no manure application before grass ploughing, adjustment of fertilisation to take into account the contribution of leguminous crops, no application of phosphate from chemical fertilisers and reinforced controls. These conditions are aimed at ensuring fertilisation based on crop needs and reduction and prevention of nitrogen and phosphorus losses to water.

(14) The information presented by the Netherlands shows that the amount of grazing livestock manure corresponding to 230 kg nitrogen per hectare per year on farms with at least 80 % grassland in southern and central sandy soils and in loess soils as defined in the action programme and to 250 kg nitrogen per hectare per year on farms with at least 80 % grassland on other soils is justified on the basis of objective criteria such as high net precipitation, long growing seasons and high yields of grass with high nitrogen uptake.

(15) The measures provided for in this Decision are in accordance with the opinion of the Nitrates Committee set up pursuant to Article 9 of Directive 91/676/EEC.

(16) Directive 2000/60/EC of the European Parliament and the Council of 23 October 2000 establishing a framework for Community action in the field of water policy [1] provides for a comprehensive, cross-border approach to water protection organised around river basin districts (RBDs), with the objective of achieving good status for European bodies of water by 2015. Reducing nutrients is an integral part of that objective. Granting of derogation under this Decision is without prejudice to the provisions pursuant to Directive 2000/60/EC and does not exclude that additional measures may be needed to fulfill obligations derived from it.

[1] OJ L 327, 22.12.2000, p. 1.

(17) Directive 2007/2/EC of the European Parliament and of the Council of 14 March 2007 establishing an Infrastructure for Spatial Information in the European Community (INSPIRE) ([1]) lays down general rules aimed at the establishment of the Infrastructure for Spatial Information in the European Community for the purposes of Community environmental policies and policies or activities which may have an impact on the environment. Where applicable, the spatial information collected in the context of this derogation should be in line with the provisions set in this Directive. In order to reduce administrative burden and enhance data coherence, the Netherlands, when collecting the necessary data under this derogation should, where appropriate, make use of the information generated under the Integrated Administration and Control System established pursuant to Chapter II of Title V of Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008 ([2]).

HAS ADOPTED THIS DECISION:

Article 1

The derogation requested by the Netherlands by letter of 22 January 2014 for the purpose of allowing a higher amount of grazing livestock manure applied to the land each year than that provided for in subparagraph (a) of paragraph 2 of Annex III to Directive 91/676/EEC is granted, subject to the conditions laid down in this Decision.

Article 2

Definitions

For the purpose of this Decision:

1. 'grassland farm' means any holding where at least 80 % of the acreage available for manure application is grass;
2. 'grazing livestock' means cattle (with the exclusion of veal calves), sheep, goats and horses, donkeys, deer, and water buffalo;
3. 'farm land' means the acreage owned, rented or managed by the farmer under another written individual contract, on which the farmer has a direct management responsibility.
4. 'Grass' means permanent grassland or temporary grassland which lies less than five years.

Article 3

Scope

This Decision applies on an individual basis to grassland farms subject to the conditions set out in Articles 4, 5, and 6.

Article 4

Annual application and commitment

1. Farmers who want to benefit from a derogation under this Decision shall submit an application to the competent authorities annually.

2. Together with the annual application referred to in paragraph 1, they shall undertake in writing to fulfil the conditions provided for in Articles 5 and 6.

Article 5

Application of manure and other fertilisers

1. The amount of manure from grazing livestock applied to the land each year on grassland farms, including by the animals themselves, shall not exceed the amount of manure containing 230 kg nitrogen per hectare per year on farms with at least 80 % grassland in southern and central sandy soils and in loess soils as defined in the action programme and 250 kg nitrogen per hectare per year on farms with at least 80 % grassland on other soils, subject to conditions laid down in paragraphs 2 to 9.

([1]) OJ L 108, 25.4.2007, p. 1.
([2]) OJ L 347, 20.12.2013, p. 549.

2. The total nitrogen and phosphate inputs shall comply with the nutrient demand of the crop and the supply from the soil. The total nitrogen and phosphate inputs shall not exceed the maximum application standards established in the action programme.

3. The use of phosphate from chemical fertiliser is not allowed on farms benefitting from derogation under this Decision.

4. A fertilisation plan shall be kept for each farm land describing the crop rotation of the farmland and the planned application of manure and other nitrogen and phosphate fertilisers. It shall be available on the farm for each calendar year by June at the latest for the first year and February for subsequent years.

5. The fertilisation plan shall include the following:

(a) the number of livestock, a description of the housing and storage system, including the volume of manure storage available;

(b) a calculation of manure nitrogen (less losses in housing and storage) and phosphorus produced on the farm;

(c) the crop rotation plan, which must specify the acreage of individual fields with grass and other crops, including a sketch map indicating the location of individual fields;

(d) the foreseeable nitrogen and phosphorus crop requirements;

(e) the amount and the type of manure delivered to contractors not used on the farm land;

(f) the amount of imported manure used on the farm land;

(g) a calculation of the contribution from organic matter mineralization, leguminous crops and atmospheric deposition and amount of nitrogen present in the soil at the moment when the crop starts to use it to a significant degree;

(h) nitrogen and phosphorus application from manure over each field (parcels of the farm, homogeneous regarding cropping and soil type);

(i) application of nitrogen with chemical and other fertilisers over each field;

(j) calculations for assessment of compliance with nitrogen and phosphorus application standards.

Plans shall be revised no later than seven days following any changes in agricultural practices to ensure consistency between plans and actual agricultural practices.

6. A fertilisation account shall be kept for each farm land. It shall be submitted to the competent authority for each calendar year.

7. The fertilisation account shall set out the following:

(a) the crop acreages;

(b) the number and type of livestock;

(c) the manure production per animal;

(d) the amount of fertilisers imported by the farm;

(e) the amount of manure offloaded from the farm and to whom.

8. For each grassland farm benefiting from an individual derogation, the farmer shall accept that the fertiliser application and account can be subject to control.

9. Periodic nitrogen and phosphorus analysis in soil shall be performed for each farm which benefits from an individual derogation at least every four years for each homogeneous area of the farm, with regard to crop rotation and soil characteristics.

Nitrogen analysis in respect of mineral nitrogen and parameters to assess the nitrogen contribution from organic matter mineralisation shall be performed after ploughing grassland, for each homogeneous area of the farm.

In respect of the analyses referred to in the first and the second subparagraphs, one analysis per five hectares of land shall be required as a minimum.

10. Manure shall not be spread in the autumn before grass cultivation.

Article 6

Land cover

1. Farmers benefiting from a derogation under this Decision shall cultivate with grass 80 % or more of the acreage available for manure application on their farms.

2. Farmers benefiting from a derogation under this Decision shall moreover carry out the following measures:

(a) on sand and loess soil, grass or other crops ensuring soil coverage during the winter shall be cultivated after maize in order to reduce leaching potential;

(b) catch crops shall not be ploughed before 1 February in order to ensure permanent vegetal cover of arable area for recovering subsoil autumn losses of nitrates and limit winter losses;

(c) grass on sandy and loessial soils shall only be ploughed in spring;

(d) ploughed grass on all soil types shall be followed immediately by a crop with high nitrogen demand and fertilisation shall be based on soil analysis concerning mineral nitrogen and other parameters providing references for estimate of nitrogen release from soil organic matter mineralisation; and

(e) if crop rotation includes leguminous or other plants fixing atmospheric nitrogen, fertiliser application shall be reduced accordingly.

3. By way of derogation from point (c), grass ploughing is permitted in autumn for planting flowers bulbs.

Article 7

Measures on manure production

The national authorities in the Netherlands shall ensure that manure production at national level both in terms of nitrogen and phosphorus will not increase beyond the level of the year 2002. This shall entail that production rights for pigs and poultry are maintained for the duration of the derogation granted by this Decision.

Moreover, the competent authorities in the Netherlands shall ensure that as from January 2015 an appropriate share of surplus manure from the dairy sector is processed.

Article 8

Monitoring

1. Maps showing the percentage of grassland farms, percentage of livestock and percentage of agricultural land covered by individual derogation in each municipality, shall be drawn up by the competent authority and shall be updated every year.

2. A monitoring network for sampling of soil water, streams and shallow groundwater shall be established and maintained at derogation monitoring sites.

3. The monitoring network, corresponding to at least 300 farms benefiting from individual derogations, shall be representative of each soil type (clay, peat, sandy, and sandy loessial soils), fertilisation practices and crop rotation. The composition of the monitoring network shall not be modified during the period of applicability of this Decision.

4. Survey and continuous nutrient analysis shall provide data on local land use, crop rotations and agricultural practices on farms benefiting from individual derogations. Those data can be used for model-based calculations of the magnitude of nitrate leaching and phosphorus losses from fields where up to 230 kg or up to 250 kg nitrogen per hectare per year of manure from grazing livestock is applied.

5. The monitoring network including shallow groundwater, soil water, drainage water and streams in farms belonging to the monitoring network, shall provide data on nitrate and phosphorus concentration in water leaving the root zone and entering the groundwater and surface water system.

6. Reinforced water monitoring shall address agricultural catchments in sandy soils.

Article 9

Controls

1. The competent national authority shall carry out administrative controls in respect of all farms benefiting from an individual derogation for the assessment of compliance with the maximum amount of 230 kg or 250 kg nitrogen per hectare per year from grazing livestock manure on farms with at least 80 % grassland, with total nitrogen and phosphate application standards and conditions on land use. Where the control carried out by the national authorities demonstrates that the conditions provided for in Articles 5 and 6 are not fulfilled, the applicant shall be informed thereof. In this instance, the application shall be considered to be refused.

2. A programme of inspections shall be established on a risk basis and with appropriate frequency, taking account of results of controls of the previous years and results of general random controls of legislation implementing Directive 91/676/EEC and any information that might indicate non-compliance.

Administrative inspections shall address at least 5 % of farms benefiting from an individual derogation with regard to land use, livestock number and manure production.

Field inspections shall be carried out in at least 7 % of farms benefiting from an individual derogation under this Decision in respect to the conditions set out in Article 5 and 6 of this Decision.

3. The competent authorities shall be granted the necessary powers and means to verify compliance with a derogation granted under this Decision.

Article 10

Reporting

1. The competent authorities shall submit to the Commission every year by March a report containing the following information:

(a) data related to fertilisation in all farms which benefit from an individual derogation, including information on yields and on soil types;

(b) trends in livestock numbers for each livestock category in the Netherlands and in derogation farms;

(c) trends in national manure production as far as nitrogen and phosphate in manure are concerned;

(d) a summary of the results of controls related to excretion coefficients for pig and poultry manure at national level;

(e) maps showing the percentage of farms, percentage of livestock and percentage of agricultural land covered by individual derogation in each municipality, as referred to in Article 8(1);

(f) the results of water monitoring, including information on water quality trends for ground and surface water, as well as the impact of derogation on water quality.

(g) information on nitrate and phosphorus concentration in water leaving the root zone and entering the groundwater and surface water system as referred to in Article 8(5) and the results from the reinforced water monitoring in agricultural catchments in sandy soils as referred to in Article 8(6)

(h) the results of the surveys on local land use, crop rotations and agricultural practices, and the results of model-based calculations of the magnitude of nitrate and phosphorus losses from farms benefitting from an individual derogation, as referred to in Article 8(4);

(i) an evaluation of the implementation of the derogation conditions, on the basis of controls at farm level and information on non-compliant farms, on the basis of the results of the administrative controls and field inspections, referred to in Article 9.

2. The spatial data contained in the report shall, where applicable, fulfil the provisions of Directive 2007/2/EC. In collecting the necessary data, the Netherlands shall make use, where appropriate, of the information generated under the Integrated Administration and Control System established pursuant to Chapter II of Title V of Regulation (EU) No 1306/2013.

Article 11

Application

This Decision shall expire on 31 December 2017.

Article 12

This Decision is addressed to the Kingdom of the Netherlands.

Done at Brussels, 16 May 2014.

For the Commission
Janez POTOČNIK
Member of the Commission

ACTS ADOPTED BY BODIES CREATED BY INTERNATIONAL AGREEMENTS

DECISION No 2/2014 OF THE EU-SWITZERLAND JOINT COMMITTEE

of 13 May 2014

amending Protocol No 3 of the Agreement between the European Economic Community and the Swiss Confederation concerning the definition of the concept of 'originating products' and methods of administrative cooperation

(2014/292/EU)

THE JOINT COMMITTEE,

Having regard to the Agreement between the European Economic Community and the Swiss Confederation, signed in Brussels on 22 July 1972, hereinafter referred to as 'the Agreement', and in particular Article 11 thereof,

Having regard to Protocol No 3 to the Agreement concerning the definition of the concept of 'originating products' and methods of administrative cooperation, hereinafter referred to as 'Protocol No 3', and in particular Article 39 thereof,

Whereas:

(1) The Republic of Croatia, hereinafter referred to as 'Croatia', acceded to the European Union on 1 July 2013.

(2) Upon Croatia's accession, trade between Croatia and the Swiss Confederation ('Switzerland'), is covered by the Agreement and the application of the trade agreements concluded between Switzerland and Croatia is discontinued from that date.

(3) With effect from Croatia's accession, goods originating in Croatia imported into Switzerland in the framework of the Agreement are to be treated as being of Union origin.

(4) From 1 July 2013 trade between Croatia and Switzerland should therefore be subject to the Agreement as amended by this Act.

(5) In order to ensure a smooth transition process and guarantee legal certainty, some technical amendments to Protocol No 3, as well as transitional measures, are required.

(6) Similar transitional measures and procedures are provided for in point 5 of Annex IV to the 2012 Act of Accession.

(7) Protocol No 3, subject to the following transitional dispositions, should therefore apply from 1 July 2013,

HAS ADOPTED THIS DECISION:

SECTION I

TECHNICAL AMENDMENTS TO THE TEXT OF THE PROTOCOL

Article 1

Rules of origin

Protocol No 3 is amended as follows:

(a) Annex IVa is replaced by the text set out in Annex I to this Decision;

(b) Annex IVb is replaced by the text set out in Annex II to this Decision.

SECTION II

TRANSITIONAL PROVISIONS

Article 2

Proof of origin and administrative cooperation

1. Proofs of origin properly issued by either Croatia or Switzerland or made out in the framework of a preferential agreement applied between them shall be accepted in the respective countries, provided that:

(a) the acquisition of such origin confers preferential tariff treatment on the basis of the preferential tariff measures contained in the Agreement;

(b) the proof of origin and the transport documents were issued or made out no later than the day before the date of accession; and

(c) the proof of origin is submitted to the customs authorities within the period of four months from the date of accession.

Where goods were declared for importation in either Croatia or Switzerland, prior to the date of accession, under a preferential agreement applied between Croatia and Switzerland at that time, proof of origin issued retrospectively under that agreement may also be accepted provided that it is submitted to the customs authorities within the period of four months from the date of accession.

2. Croatia is authorised to retain the authorisations with which the status of 'approved exporters' has been granted in the framework of a preferential agreement applied between Croatia and Switzerland prior to the date of accession, provided that:

(a) such a provision is also provided for in the agreement concluded prior to the date of accession between Switzerland and the Community; and

(b) the approved exporters apply the rules of origin in force under that agreement.

Those authorisations shall be replaced no later than one year after the date of accession by new authorisations issued under the conditions of the Agreement.

3. Requests for subsequent verification of proof of origin issued under the preferential agreement referred to in paragraphs 1 and 2 shall be accepted by the competent customs authorities of either Switzerland or Croatia for a period of three years after the issue of the proof of origin concerned and may be made by those authorities for a period of three years after acceptance of the proof of origin submitted to those authorities in support of an import declaration.

Article 3

Goods in transit

1. The provisions of the Agreement may be applied to goods exported from either Croatia to Switzerland or Switzerland to Croatia, which comply with the provisions of Protocol No 3 and that on the date of accession are either in transit or in temporary storage, in a customs warehouse or in a free zone in Croatia or in Switzerland.

2. Preferential treatment may be granted in such cases, subject to the submission to the customs authorities of the importing country, within four months of the date of accession, of a proof of origin issued retrospectively by the customs authorities of the exporting country.

Article 4

Entry into force

This Decision shall enter into force on the day of its adoption.

It shall apply from 1 July 2013.

Done at Brussels, 13 May 2014.

For the Joint Committee
The Chairman
Christian ETTER

ANNEX I

'ANNEX IVa

TEXT OF THE INVOICE DECLARATION

The invoice declaration, the text of which is given below, must be made out in accordance with the footnotes. However, the footnotes do not have to be reproduced.

Bulgarian version

Износителят на продуктите, обхванати от този документ — митническо разрешение № … ([1]), декларира, че освен където ясно е отбелязано друго, тези продукти са с … преференциален произход ([2]).

Spanish version

El exportador de los productos incluidos en el presente documento [autorización aduanera nº … ([1])] declara que, salvo indicación en sentido contrario, estos productos gozan de un origen preferencial … ([2]).

Czech version

Vývozce výrobků uvedených v tomto dokumentu (číslo povolení… ([1])) prohlašuje, že kromě zřetelně označených, mají tyto výrobky preferenční původ v … ([2]).

Danish version

Eksportøren af varer, der er omfattet af nærværende dokument, (toldmyndighedernes tilladelse nr. … ([1])), erklærer, at varerne, medmindre andet tydeligt er angivet, har præferenceoprindelse i … ([2]).

German version

Der Ausführer (Ermächtigter Ausführer; Bewilligungs-Nr. … ([1])) der Waren, auf die sich dieses Handelspapier bezieht, erklärt, dass diese Waren, soweit nicht anders angegeben, präferenzbegünstigte … ([2]) Ursprungswaren sind.

Estonian version

Käesoleva dokumendiga hõlmatud toodete eksportija (tolliameti kinnitus nr … ([1])) deklareerib, et need tooted on … ([2]) sooduspäritoluga, välja arvatud juhul kui on selgelt näidatud teisiti.

Greek version

Ο εξαγωγέας των προϊόντων που καλύπτονται από το παρόν έγγραφο [άδεια τελωνείου υπ' αριθ. … ([1])] δηλώνει ότι, εκτός εάν δηλώνεται σαφώς άλλως, τα προϊόντα αυτά είναι προτιμησιακής καταγωγής … ([2]).

English version

The exporter of the products covered by this document (customs authorization No … ([1])) declares that, except where otherwise clearly indicated, these products are of … ([2]) preferential origin.

French version

L'exportateur des produits couverts par le présent document [autorisation douanière nº … ([1])] déclare que, sauf indication claire du contraire, ces produits ont l'origine préférentielle … ([2]).

Croatian version

Izvoznik proizvoda obuhvaćenih ovom ispravom (carinsko ovlaštenje br. ... ([1])) izjavljuje da su, osim ako je drukčije izričito navedeno, ovi proizvodi ... ([2]) preferencijalnog podrijetla.

Italian version

L'esportatore delle merci contemplate nel presente documento [autorizzazione doganale n. … ([1])] dichiara che, salvo indicazione contraria, le merci sono di origine preferenziale … ([2]).

Latvian version

To produktu eksportētājs, kuri ietverti šajā dokumentā (muitas atļauja Nr. … ([1])), deklarē, ka, izņemot tur, kur ir citādi skaidri noteikts, šiem produktiem ir preferenciāla izcelsme … ([2]).

Lithuanian version

Šiame dokumente išvardytų prekių eksportuotojas (muitinės liudijimo Nr. … ([1])) deklaruoja, kad, jeigu kitaip nenurodyta, tai yra … ([2]) preferencinės kilmės prekės.

Hungarian version

A jelen okmányban szereplő áruk exportőre (vámfelhatalmazási szám: … ([1])) kijelentem, hogy eltérő jelzés hianyában az áruk kedvezményes … ([2]) származásúak.

Maltese version

L-esportatur tal-prodotti koperti b'dan id-dokument (awtorizzazzjoni tad-dwana nru … ([1])) jiddikjara li, ħlief fejn indikat b'mod ċar li mhux hekk, dawn il-prodotti huma ta' oriġini preferenzjali … ([2]).

Dutch version

De exporteur van de goederen waarop dit document van toepassing is (douanevergunning nr. … ([1])), verklaart dat, behoudens uitdrukkelijke andersluidende vermelding, deze goederen van preferentiële … oorsprong zijn ([2]).

Polish version

Eksporter produktów objętych tym dokumentem (upoważnienie władz celnych nr … ([1])) oświadcza, że — jeśli wyraźnie nie określono inaczej — produkty te mają … ([2]) pochodzenie preferencyjne.

Portuguese version

O exportador dos produtos cobertos pelo presente documento [autorização aduaneira n.º … ([1])], declara que, salvo expressamente indicado em contrário, estes produtos são de origem preferencial … ([2]).

Romanian version

Exportatorul produselor ce fac obiectul acestui document [autorizația vamală nr. … ([1])] declară că, exceptând cazul în care în mod expres este indicat altfel, aceste produse sunt de origine preferențială … ([2]).

Slovak version

Vývozca výrobkov uvedených v tomto dokumente (číslo povolenia … ([1])) vyhlasuje, že okrem zreteľne označených majú tieto výrobky preferenčný pôvod v … ([2])

Slovenian version

Izvoznik blaga, zajetega s tem dokumentom (pooblastilo carinskih organov št. … ([1])) izjavlja, da, razen če ni drugače jasno navedeno, ima to blago preferencialno … ([2]) poreklo.

Finnish version

Tässä asiakirjassa mainittujen tuotteiden viejä (tullin lupa n:o … ([1])) ilmoittaa, että nämä tuotteet ovat, ellei toisin ole selvästi merkitty, etuuskohteluun oikeutettuja … alkuperätuotteita ([2])

Swedish version

Exportören av de varor som omfattas av detta dokument (tullmyn- dighetens tillstånd nr … ([1])) försäkrar att dessa varor, om inte annat tydligt markerats, har förmånsberättigande … ursprung ([2])

…… ([3])

(Place and date)

…… ([4])

(Signature of the exporter, in addition the name of the person signing the declaration has to be indicated in clear script)

([1]) When the invoice declaration is made out by an approved exporter, the authorisation number of the approved exporter must be entered in this space. When the invoice declaration is not made out by an approved exporter, the words in brackets shall be omitted or the space left blank.

([2]) Origin of products to be indicated. When the invoice declaration relates in whole or in part, to products originating in Ceuta and Melilla, the exporter must clearly indicate them in the document on which the declaration is made out by means of the symbol "CM".

([3]) These indications may be omitted if the information is contained on the document itself.

([4]) In cases where the exporter is not required to sign, the exemption of signature also implies the exemption of the name of the signatory.'

ANNEX II

'ANNEX IVb

TEXT OF THE INVOICE DECLARATION EUR-MED

The invoice declaration EUR-MED, the text of which is given below, must be made out in accordance with the footnotes. However, the footnotes do not have to be reproduced.

Bulgarian version

Износителят на продуктите, обхванати от този документ — митническо разрешение № … ([1]) декларира, че освен където ясно е отбелязано друго, тези продукти са с … преференциален произход ([2]).

— cumulation applied with ..... (name of the country/countries)

— no cumulation applied ([3])

Spanish version

El exportador de los productos incluidos en el presente documento [autorización aduanera nº … ([1])] declara que, salvo indicación en sentido contrario, estos productos gozan de un origen preferencial … ([2]).

— cumulation applied with ..... (name of the country/countries)

— no cumulation applied ([3])

Czech version

Vývozce výrobků uvedených v tomto dokumentu (číslo povolení … ([1])) prohlašuje, že kromě zřetelně označených mají tyto výrobky preferenční původ v … ([2]).

— cumulation applied with ..... (name of the country/countries)

— no cumulation applied ([3])

Danish version

Eksportøren af varer, der er omfattet af nærværende dokument, (toldmyndighedernes tilladelse nr. … ([1])), erklærer, at varerne, medmindre andet tydeligt er angivet, har præferenceoprindelse i … ([2]).

— cumulation applied with ..... (name of the country/countries)

— no cumulation applied ([3])

German version

Der Ausführer (Ermächtigter Ausführer; Bewilligungs-Nr. … ([1])) der Waren, auf die sich dieses Handelspapier bezieht, erklärt, dass diese Waren, soweit nicht anders angegeben, präferenzbegünstigte … ([2]) Ursprungswaren sind.

— cumulation applied with ..... (name of the country/countries)

— no cumulation applied ([3])

Estonian version

Käesoleva dokumendiga hõlmatud toodete eksportija (tolliamenti kinnitus nr … ([1])) deklareerib, et need tooted on … ([2]) sooduspäritoluga, välja arvatud juhul, kui on selgelt näidatud teisiti

— cumulation applied with ..... (name of the country/countries)

— no cumulation applied ([3])

Greek version

Ο εξαγωγέας των προϊόντων που καλύπτονται από το παρόν έγγραφο [άδεια τελωνείου υπ'αριθ. … ([1])] δηλώνει ότι, εκτός εάν δηλώνεται σαφώς άλλως, τα προϊόντα αυτά είναι προτιμησιακής καταγωγής … ([2]).

— cumulation applied with ..... (name of the country/countries)

— no cumulation applied ([3])

English version

The exporter of the products covered by this document (customs authorisation No … ([1])) declares that, except where otherwise clearly indicated, these products are of … ([2]) preferential origin.

— cumulation applied with ..... (name of the country/countries)

— no cumulation applied ([3])

French version

L'exportateur des produits couverts par le présent document [autorisation douanière n° … ([1])] déclare que, sauf indication claire du contraire, ces produits ont l'origine préférentielle … ([2]).

— cumulation applied with ..... (name of the country/countries)

— no cumulation applied ([3])

Croatian version

Izvoznik proizvoda obuhvaćenih ovom ispravom (carinsko ovlaštenje br. … ([1]) izjavljuje da su, osim ako je drukčije izričito navedeno, ovi proizvodi … ([2]) preferencijalnog podrijetla;

— cumulation applied with ..... (name of the country/countries)

— no cumulation applied ([3])

Italian version

L'esportatore delle merci contemplate nel presente documento [autorizzazione doganale n. … ([1])] dichiara che, salvo indicazione contraria, le merci sono di origine preferenziale … ([2]).

— cumulation applied with ..... (name of the country/countries)

— no cumulation applied ([3])

Latvian version

To produktu eksportētājs, kuri ietverti šajā dokumentā (muitas atļauja Nr. … ([1])), deklarē, ka, izņemot tur, kur ir citādi skaidri noteikts, šiem produktiem ir preferenciāla izcelsme … ([2]):

— cumulation applied with ..... (name of the country/countries)

— no cumulation applied ([3])

Lithuanian version

Šiame dokumente išvardytų prekių eksportuotojas (muitinės liudijimo Nr. … ([1])) deklaruoja, kad, jeigu kitaip nenurodyta, tai yra … ([2]) preferencinės kilmės prekės.

— cumulation applied with ..... (name of the country/countries)

— no cumulation applied ([3])

Hungarian version

A jelen okmányban szereplő áruk exportőre (vámfelhatalmazási szám: … ([1])) kijelentem, hogy eltérő jelzés hiányában az áruk kedvezményes … ([2]) származásúak.

— cumulation applied with ..... (name of the country/countries)

— no cumulation applied ([3])

Maltese version

L-esportatur tal-prodotti koperti b'dan id-dokument (awtorizzazzjoni tad-dwana Nru … ([1])) jiddikjara li, ħlief fejn indikat b'mod ċar li mhux hekk, dawn il-prodotti huma ta' oriġini preferenzjali … ([2]).

— cumulation applied with ..... (name of the country/countries)

— no cumulation applied ([3])

Dutch version

De exporteur van de goederen waarop dit document van toepassing is (douanevergunning nr. … ([1])), verklaart dat, behoudens uitdrukkelijke andersluidende vermelding, deze goederen van preferentiële … oorsprong zijn ([2]).

— cumulation applied with ..... (name of the country/countries)

— no cumulation applied ([3])

Polish version

Eksporter produktów objętych tym dokumentem (upoważnienie władz celnych nr … ([1])) deklaruje, że z wyjątkiem gdzie jest to wyraźnie określone, produkty te mają … ([2]) preferencyjne pochodzenie.

— cumulation applied with ..... (name of the country/countries)

— no cumulation applied ([3])

Portuguese version

O abaixo-assinado, exportador dos produtos abrangidos pelo presente documento [autorização aduaneira n.º … ([1])], declara que, salvo indicação expressa em contrário, estes produtos são de origem preferencial … ([2]).

— cumulation applied with ..... (name of the country/countries)

— no cumulation applied ([3])

Romanian version

Exportatorul produselor ce fac obiectul acestui document [autorizația vamală nr. … ([1])] declară că, exceptând cazul în care în mod expres este indicat altfel, aceste produse sunt de origine preferențială … ([2]).

— cumulation applied with ..... (name of the country/countries)

— no cumulation applied ([3])

Slovak version

Vývozca výrobkov uvedených v tomto dokumente [číslo povolenia … ([1])] vyhlasuje, že okrem zreteľne označených, tieto výrobky majú preferenčný pôvod v … ([2]).

— cumulation applied with ..... (name of the country/countries)

— no cumulation applied ([3])

Slovenian version

Izvoznik blaga, zajetega s tem dokumentom (pooblastilo carinskih organov št. … ([1])) izjavlja, da, razen če ni drugače jasno navedeno, ima to blago preferencialno … ([2]) poreklo.

— cumulation applied with …… (name of the country/countries)

— no cumulation applied ([3])

Finnish version

Tässä asiakirjassa mainittujen tuotteiden viejä (tullin lupa n:o … ([1])) ilmoittaa, että nämä tuotteet ovat, ellei toisin ole selvästi merkitty, etuuskohteluun oikeutettuja … alkuperätuotteita ([2]).

— cumulation applied with …… (name of the country/countries)

— no cumulation applied ([3])

Swedish version

Exportören av de varor som omfattas av detta dokument (tullmyndighetens tillstånd nr … ([1])) försäkrar att dessa varor, om inte annat tydligt markerats, har förmånsberättigande … ursprung ([2]).

— cumulation applied with …… (name of the country/countries)

— no cumulation applied ([3])

…… ([4])

(Place and date)

…… ([5])

(Signature of the exporter, in addition the name of the person signing the declaration has to be indicated in clear script)

([1]) When the invoice declaration is made out by an approved exporter, the authorisation number of the approved exporter must be entered in this space. When the invoice declaration is not made out by an approved exporter, the words in brackets shall be omitted or the space left blank.

([2]) Origin of products to be indicated. When the invoice declaration relates in whole or in part, to products originating in Ceuta and Melilla, the exporter must clearly indicate them in the document on which the declaration is made out by means of the symbol "CM".

([3]) Complete and delete where necessary.

([4]) These indications may be omitted if the information is contained on the document itself.

([5]) In cases where the exporter is not required to sign, the exemption of signature also implies the exemption of the name of the signatory.'

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