Finansinspektionen's Regulatory Code

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This translation is furnished solely for information purposes. Only the printed version of the regulation in Swedish applies for the application of the law.

Regulations amending Finansinspektionen's regulations and general guidelines (FFFS 2014:12) regarding prudential requirements and capital buffers;

FFFS 2021:24
Published on
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decided on 22 June 2021.

Finansinspektionen prescribes[1] pursuant to sections 16 and 16a, section 17, points 2 and 3, and section 19, point 1 of the Special Supervision and Capital Buffers Ordinance (2014:993) and Chapter 6, section 1, points 9 and 56 of the Securities Market Ordinance (2007:572) with regard to Finansinspektionen's regulations and general guidelines (FFFS 2014:12) regarding prudential requirements and capital buffers

in part that Chapter 6, section 3 and Chapter 9, section 1 shall be repealed,
in part that current Chapter 11, sections 3 and 4 shall be designated Chapter 11, sections 2 and 3,
in part that Chapter 1, sections 1–3, 6 and 7; Chapter 2, sections 1–5; Chapter 3, sections 1–5; Chapter 4, section 1; Chapter 5, sections 1–3; Chapter 6, section 1; Chapter 7, sections 1–3; Chapter 8, sections 1–5; Chapter 9, sections 2–11; Chapter 10, section 1; and the new Chapter 11, sections 2 and 3 shall have the following wording,
in part that the heading immediately preceding Chapter 11, section 4 shall be placed immediately preceding the new Chapter 11, section 3,
in part that six new sections shall be inserted in the regulations: Chapter 1, sections 2a, 3a and 3b; Chapter 5, sections 4 and 5; and Chapter 8, section 3a, and that new headings with the following wording shall be inserted immediately preceding Chapter 5, sections 1 and 4.

Finansinspektionen also provides the following general guidelines.

Chapter 1

Section 1 These regulations contain provisions regarding prudential requirements that supplement the Capital Requirements Regulation and the Investment Firms Regulation.

The regulations also contain provisions concerning which data a financial holding company or a mixed financial holding company shall submit to Finansinspektionen in conjunction with its application for approval or exemption from the requirement

[1] Cf. Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU, in its original wording.

pursuant to the Special Supervision of Credit Institutions and Investment Firms Act (2014:968).

Section 2 These regulations apply to

1. banking companies,
2. savings banks,
3. members' banks,
4. credit market companies,
5. credit market associations,
6. investment firms,
7. payment institutions, and
8. Svenska skeppshypotekskassan.

Section 2a A credit institution shall apply the regulations on the basis of the credit institution's consolidated situation pursuant to Article 18 of the Capital Requirements Regulation.

If the credit institution is controlled by a parent financial holding company or a parent mixed financial holding company, the undertaking shall apply the regulations on the basis of the consolidated situation of the financial holding company or the mixed financial holding company.

Section 3 A credit institution that is included in the consolidation as set out in Article 18 of the Capital Requirements Regulation does not need to apply Chapter 8, section 4 at the individual level.

Section 3a When Article 7 of the Investment Firms Regulation is applicable, the regulations shall apply to an investment firm group to the extent nothing else applies following a decision pursuant to Article 8 of the same Regulation.

Section 3b The provisions set out in Chapter 10 do not apply to a small and non-interconnected investment firm.

That set out in the first paragraph does not apply to an investment firm that pursuant to Chapter 8, section 1a, second or third paragraph or section 1b of the Securities Market Act (2007:528) shall apply provisions set out in section 1a, first paragraph of the same chapter.

Section 6 The regulations are divided into the following eleven chapters:

– Scope and definitions (Chapter 1),

– Consolidated situation (Chapter 2),

– Own funds and own funds requirements (Chapter 3),

– Credit risk (Chapter 4),

– Large exposures (Chapter 5),

– Liquidity (Chapter 6),

– Reporting (Chapter 7),

– Disclosure of information (Chapter 8),

– Capital buffers (Chapter 9),

– Documentation of the undertakings' internal capital and liquidity assessment process (Chapter 10),

– Content of applications for financial holding companies and mixed financial holding companies (Chapter 11).

Section 7 In Chapter 5, section 4 and Chapter 8, section 3a, *subsidiary* and *parent undertaking* has the same meaning as in Article 4(1)(51) and 4(1)(42) of the Investment Firms Regulation.

Otherwise, terms and expressions in these regulations have the same meaning as in the Special Supervision of Credit Institutions and Investment Firms Act (2014:968) unless otherwise specified.

Chapter 2

Section 1 Credit institutions linked by a relationship within the meaning of Article 18(3) of the Capital Requirements Regulation shall be fully consolidated. Finansinspektionen may decide on consolidation by another method where special grounds exist.

Section 2 Credit institutions linked by a relationship within the meaning of Article 18(4) of the Capital Requirements Regulation shall be proportionately consolidated (the proportional method).

Section 3 Where there are participations within the meaning of Article 18(5) of the Capital Requirements Regulation, consolidation shall be carried out using the equity method. Finansinspektionen may instead decide to allow full consolidation or proportionate consolidation (the proportional method).

Other forms of capital ties within the meaning of Article 18(5) are not consolidated. However, where special grounds exist, Finansinspektionen may decide that consolidation shall be carried out through full consolidation, proportionate consolidation (the proportional method) or the equity method.

Section 4 A credit institution within the meaning of Article 18(6) of the Capital Requirements Regulation is not consolidated. However, where special grounds exist, Finansinspektionen may decide that consolidation shall be carried out through full consolidation, proportionate consolidation (the proportional method) or the equity method.

Section 5 Provisions to the effect that Finansinspektionen may decide on full consolidation or proportional consolidation (the proportional method) in cases other than those set out in sections 1–4 can be found in Article 18(8) of the Capital Requirements Regulation.

Chapter 3

Section 1 A credit institution and a payment institution shall apply alternative (a) pursuant to Article 89(3) of the Capital Requirements Regulation.

Section 2 A credit institution and a payment institution shall apply until 31 December 2023 a percentage of 100 per cent pursuant to Article 478(2) of the Capital Requirements Regulation.

Section 3 A credit institution and a payment institution shall apply until 31 December 2021 a percentage of 0 per cent pursuant to Article 486(6) of the Capital Requirements Regulation.

Section 4 Exposures to a credit institution that shall be considered to fulfil the requirements set out in Article 129(1)(c) of the Capital Requirements Regulation, even if the credit institution only fulfils the requirements for credit quality step 2. This only applies, however, if the total exposure of this type amounts to a maximum of 10 per cent of the nominal amount of the issuing credit institution's outstanding covered bonds.

Section 5 A credit institution and an investment firm that issues capital instruments that are to be included in own funds shall notify Finansinspektionen of this. The notification shall take place no later than the day on which the issue takes place.

The notification shall include the following information:

– name of issuer,
– the purpose of the issue,
– the issuer's position in the consolidated situation,
– what level of the consolidated situation the instrument shall be included in,
– whether the instrument is being issued externally or internally within the consolidated situation,
– type of instrument,
– date of issue,
– amount that is being issued and in which currency, and
– under which country's legislation the instrument is being issued.

The requirement in the first paragraph does not apply to the issue of instruments that are subject to the permission requirement or notification obligation pursuant to Article 26(3) of the Capital Requirements Regulation.

General guidelines

If an issuance as referred to in the first paragraph contains complex terms and conditions or new terms and conditions relative to previous issuances, the undertaking should also notify Finansinspektionen of this in advance. The undertaking should make such an advance notification well in advance of the planned issuance, and it should contain information about the complex or new terms and conditions in question.

Chapter 4

Section 1 A credit institution, when applying Article 178(1)(b) of the Capital Requirements Regulation, shall use the following thresholds to assess how material a past due credit obligation is:

1. For exposures to households, the absolute component of the materiality threshold is SEK 1,000 and the relative component is 1 per cent.
2. For exposures other than exposures to households, the absolute component of the materiality threshold is SEK 5,000 and the relative component is 1 per cent.

Chapter 5

Credit institutions

Section 1 A credit institution shall exempt the following exposures when it applies Article 395(1) of the Capital Requirements Regulation:

1. Exposures held by the undertaking to its parent undertaking, other subsidiary undertakings to the parent undertaking or its own subsidiary undertakings, where the undertakings are subject to the same supervision on a consolidated basis as the undertaking itself in accordance with the Regulation, or with corresponding standards in a third country.
2. Exposures to institutions within the EEA where these

a) contractually fall due the following banking day,
b) are in DKK, NOK, or SEK, and
c) are not included in these institutions' own funds.

Section 2 A credit institution shall, when applying Article 395(1) of the Capital Requirements Regulation, recognise debt securities issued in accordance with the Covered Bonds (Issuance) Act (2003:1223) and corresponding foreign debt securities at 10 per cent of their value. The items may not be included in the issuing institution's own funds.

Section 3 A credit institution may, when applying Article 395(1) of the Capital Requirements Regulation, after receiving permission from Finansinspektionen, recognise the following exposures at the amounts decided by Finansinspektionen:

1. Exposures to central banks in the form of required minimum reserves denominated in each country's national currency.
2. Exposures to governments in the form of statutory liquidity requirements held in government securities which are denominated and funded in each country's national currency, provided that the government has an external credit rating corresponding to credit quality step 3 or better.

Investment firms

Section 4[2] An investment firm, when applying Article 37 of the Investment Firms Regulation, shall exempt exposures to its parent undertaking, other subsidiariesto the parent undertaking or its own subsidiaries to the extent these undertakings fall under

1. supervision on a consolidated basis pursuant to Article 7 of the Investment Firms Regulation or pursuant to the Capital Requirements Regulation.

2. supervision for controls that they fulfil the conditions in the group capital test pursuant to Article 8 of the Investment Firms Regulation, or

3. supervision pursuant to equivalent applicable standards in a third country.

That set out in the first paragraph applies if

1. there are no prevailing or predictable material practical or legal obstacles to the parent undertaking rapidly being able to transfer capital or repay debts, and

[2] Former section 4 repealed via FFFS 2019:6.

2. the parent undertaking's procedures for assessment, measurement and control of risks also include the unit in the financial sector.

Section 5 An investment firm shall, when applying Article 395(1) of the Investment Firms Regulation, recognise debt securities issued in accordance with the Covered Bonds (Issuance) Act (2003:1223) and corresponding foreign debt securities at 10 per cent of their value. The items may not be included in the issuing institution's own funds.

Chapter 6

Section 1 A credit institution and all or some of its subsidiary undertakings may refrain from applying Articles 412 and 413 of the Capital Requirements Regulation in the case referred to in Article 8(2) of the same Regulation.

This requires the credit institution to submit notification to Finansinspektionen in writing of which undertakings are included in the single liquidity sub-group. In its notification, the institution shall also certify

1. that the conditions in Articles 8(1)(a)–8(1)(d) of the Capital Requirements Regulation are fulfilled, and
2. that there are legal opinions stating that the conditions in Articles 8(1)(c) and 8(1)(d) of the Capital Requirements Regulation are fulfilled.

Chapter 7

Section 1 The information that shall be submitted by a credit institution to Finansinspektionen in accordance with Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council, shall be specified in SEK.

The information that an investment firm shall submit to Finansinspektionen pursuant to Articles 54 and 55 of the Investment Firms Regulation shall be specified in SEK.

That set out regarding investment firms in the second paragraph also applies to such an undertaking as referred to in Chapter 2, section 7d or 7e of the Special Supervision of Credit Institutions and Investment Firms Act (2014:968).

Section 2 A credit institution or an investment firm shall convert assets, liabilities and provisions as well as off-balance sheet positions and commitments in a foreign currency to SEK using the current spot rates at the time of conversion. The conversion of all positions in foreign currency shall be carried out on the same date.

The undertaking shall establish and document the principles for the conversion that it shall make in accordance with the first paragraph. The conversion principles established by the undertaking shall be applied consistently.

Section 3 A credit institution and an investment firm shall document the data that serves as the basis for reporting to Finansinspektionen in a manner that enables control at any time. The data shall be stored until the close of the seventh year following the end of the calendar year in which the financial year ended.

Chapter 8

Section 1 Provisions concerning the scope of the information that a credit institution shall disclose are set out in Article 431of the Capital Requirements Regulation.

Provisions concerning the scope of the information that an investment firm shall disclose are set out in Article 46 of the Investment Firms Regulation.

General guidelines

The credit institution should, when applying Article 431(3) of the Capital Requirements Regulation, report its total own funds requirement and its own funds in a unified way. The report should refer to both the risk-based own funds requirement and the leverage ratio and be arranged in the manner stated below.

Risk-based own funds requirement

The credit institution should provide the information in both SEK and as a percentage of total risk-weighted exposure amounts. *Total risk-weighted exposures amounts* refers to the risk exposure amount pursuant to Article 92(3) of the Capital Requirements Regulation.

In the report, the credit institution should disclose separately as a minimum the following items:

1. Own funds requirements in accordance with Article 92(1)(a–c) of the Capital Requirements Regulation.
2. Specific own funds requirement in accordance with Chapter 2, section 1, point 2 of the Special Supervision of Credit Institutions and Investment Firms Act (2014:968) (Pillar 2 requirements).
3. Combined buffer requirement in accordance with Chapter 2, section 2 of the Capital Buffers Act (2014:966).
4. A notification in accordance with Chapter 2, section 1c of the Special Supervision of Credit Institutions and Investment Firms Act (Pillar 2 guidance).

The credit institution should also report

– the sum of items 1–4 (total adequate level of own funds), and

– the credit institution's own funds according to Part Two of the Capital Requirements Regulation.

Own funds requirements that refer to leverage ratio

This information should be provided in both SEK and as a percentage of total exposure measure for leverage. *Total exposure for leverage* refers to the risk exposure amount pursuant to Article 429(4) of the Capital Requirements Regulation.

In the report, the credit institution should disclose separately at least the following items:

1. Own funds requirements in accordance with Article 92(1)(d) of the Capital Requirements Regulation.

2. Specific own funds requirement in accordance with Chapter 2, section 1, point 1 of the Special Supervision of Credit Institutions and Investment Firms Act (Pillar 2 requirements).

3. A notification in accordance with Chapter 2, section 1c of the Special Supervision of Credit Institutions and Investment Firms Act (Pillar 2 guidance).

The credit institution should also report

– the sum of the items set out in 1–3 (total adequate level of own funds), and

– the credit institution's Tier 1 capital according to Part Two of the Capital Requirements Regulation.

Section 2 The information that a credit institution shall disclose pursuant to section 3, first paragraph and section 4, first paragraph shall be available on the credit institution's website.

If the credit institution does not have a website, it shall have the ability to provide the information to the public in a different manner.

Section 3 The information that shall be disclosed in accordance with Chapter 6, section 2, first paragraph of the Special Supervision of Credit Institutions and Investment Firms Act (2014:968) shall be disclosed annually and contain, at a minimum, a description of

1. the organisational and legal structure between the undertakings included in the consolidated situation of the parent undertaking,
2. The close relations of credit institutions in the consolidated situation to natural or legal persons, and
3. which measures the parent undertaking takes to manage the operations in the undertakings included in the consolidated situation.

The credit institution shall disclose the information in the first paragraph together with other information in accordance with Articles 435–455 of the Capital Regulations Requirement. The credit institution may provide information in complete form or in the form of references to equivalent information.

Section 3a The information that shall be disclosed in accordance with Chapter 6, section 2, second paragraph of the Special Supervision of Credit Institutions and Investment Firms Act (2014:968) shall be disclosed annually and contain, at a minimum, a description of

1. the organisational and legal structure between the undertakings included in the investment firm group,
2. The close relations of investment firms in the investment firm group to natural or legal persons, and
3. which measures the parent undertaking takes to manage the operations in the undertakings included in the investment firm group.

Section 4 A credit institution shall disclose information about the internally assessed capital need as determined through its internal process for assessing capital need in accordance with Chapter 6, section 2 of the Banking and Financing Business Act (2004:297).

The credit institution shall disclose information in accordance with the first paragraph together with other information in accordance with Articles 435–455 of the Capital Requirements Regulation.

Section 5 Finansinspektionen can exempt a credit institution from disclosing the information about exposure to counterparty credit risk referred to in Article 439(d) and (e) of the Capital Requirements Regulation if disclosure of this information could reveal that the credit institute has received emergency liquidity assistance in the form of collateral swap transactions from a central bank.

If a credit institution wants an exemption in accordance with the first paragraph, it shall submit an application concerning this to Finansinspektionen.

Chapter 9

Section 2 *Relevant credit exposures* in accordance with Chapter 6, section 1 of the Capital Buffers Act (2014:966) refers to all exposure classes other than those set out in Article 112 a–f of the Capital Requirements Regulation and that are subject to

a) The own funds requirements for credit risk in accordance with Part Three, Title 2 of the Capital Requirements Regulation.

b) Where the exposure is held in the trading book, the own funds requirements for specific risk under Part Three, Title 4, Chapter 2 of the Capital Requirements Regulation or incremental default and migration risk under Part 3, Title 4, Chapter 5 of the same Regulation.

c) When the exposure is a securitisation, the own funds requirements in accordance with Part 3, Title 2, Chapter 5 of the Capital Requirements Regulation.

Section 3 When a credit institution calculates the weighted average of the countercyclical buffer rates in accordance with Chapter 6, section 1 of the Capital Buffers Act (2014:199), it shall, for each applicable countercyclical buffer rate, apply its total own funds requirements for credit risk, established in accordance with Part three, Titles 2 and 4 of the Capital Requirements Regulation for the relevant credit exposures in that country, divided by its total own funds requirements for credit risk that relates to all of its relevant credit exposures.

Section 4 When a credit institution calculates the institution-specific countercyclical capital buffer rate, it shall state the geographical area of the relevant credit exposures in accordance with the technical standards for supervision that have been adopted under Article 140(7) of the Capital Requirements Directive.

Section 5 A credit institution shall calculate its systemic risk buffer in accordance with Chapter 4, section 2 of the Capital Buffers Act (2014:966) as follows:

$$B_{SR} = r_T \cdot E_T + \sum_i r_i \cdot E_i$$

where:

B_{SR} = systemic risk buffer,

r_T = the buffer value that is applicable to a credit institution's total risk-weighted exposure amount,

E_T = a credit institution's total risk-weighted exposure amount calculated in accordance with Article 92(3) of the Capital Requirements Regulation,

i = the index that specifies the subgroup of exposures in accordance with Article 133(5) of the Capital Requirements Directive,

r_i = the buffer value that is applicable to the risk-weighted exposure amount for the subgroup of exposures 'i', and

E_i = a credit institution's risk-weighted exposure amount for the subgroup of exposures 'i', calculated in accordance with Article 92(3) of the Capital Requirements Regulation.

The credit institution shall state the geographical location of the credit exposures as set out in the technical standards for supervision that have been adopted under Article 140(7) of the Capital Requirements Directive.

Section 6 The maximum distributable amount for the combined buffer requirement in accordance with Chapter 8, section 1 of the Capital Buffers Act (2014:966) shall be calculated by multiplying a distributable amount by a factor.

The distributable amount as in the first paragraph shall consist of

a) interim profits and year-end profits that are not included in Common Equity Tier 1 capital in accordance with Article 26(2) of the Capital Requirements Regulation, net of dividends or payments that are the result of the actions referred to in Chapter 8, section 3, points 1–3 of the Capital Buffers Act, less

b) the amount that would have been paid in taxes had the profits referred to in point a been retained within the credit institution.

The factor as in the first paragraph shall be determined as follows:

When the credit institution's Common Equity Tier 1 capital, which is not being used to meet the own funds requirement in accordance with Article 92(1)(a), (b) and (c) of the Capital Requirements Regulation and the specific own funds requirement that applied by virtue of a decision pursuant to Chapter 2, section 1 of the Special Supervision of Credit Institutions and Investment Firms Act (2014:968), expressed as a percentage of the total risk-weighted exposure amount calculated in accordance with Article 92(3) of the Capital Requirements Regulation, is within the combined buffer requirement's

a) first quartile, the factor shall be 0,
b) second quartile, the factor shall be 0.2,
c) third quartile, the factor shall be 0.4, or
d) fourth quartile, the factor shall be 0.6.

The lower and upper bounds of each quartile shall be calculated as follows:

$$\text{Lower limit in the quartile} = \frac{\text{Combined buffert requirement}}{4} \text{ x } \left(Q_n - 1\right)$$

$$\text{Upper limit in the quartile} = \frac{\text{Combined buffert requirement}}{4} \text{ x } Q_n$$

where Q_n is the ordinal number for the relevant quartile, Q_n= 1 equals the first quartile, Q_n = 2 equals the second quartile, Q_n = 3 equals the third quartile and Q_n = 4 equals the fourth quartile.

Section 7 A capital conservation plan in accordance with Chapter 8, section 1 point 2 of the Capital Buffers Act (2014:966) shall include the following:

a) Estimates of income and expense and a forecast for assets, liabilities and equity in the balance sheet.

b) The measures that will be implemented to increase the credit institution's capital ratio.

c) A plan and timeframe for increasing own funds with the aim of fully meeting the combined buffer requirement in accordance with Chapter 2, section 2 of the Capital Buffers Act.

d) All other information that the credit institution deems is necessary to allow Finansinspektionen to assess the capital conservation plan.

Section 8 The notification that a credit institution shall submit to Finansinspektionen in accordance with Chapter 8, section 5 of the Capital Buffers Act (2014:966) shall contain information regarding the following:

1. The credit institution's own funds, broken down into:

a) Common Equity Tier 1 capital,

b) Additional Tier 1 capital, and

c) Tier 2 capital.

2. The credit institution's interim and year-end profit.

3. The maximum distributable amount calculated in according to section 6.

4. The portion of the highest distributable amount that the credit institution intends to use in order to

a) perform a distribution linked to the credit institution's Common Equity Tier 1 capital according to Chapter 1, section 2, point 16 of the Capital Buffers Act,

b) redeem own funds instruments,

c) make payments on Additional Tier 1 instruments, or

c) undertake to pay out variable remuneration, discretionary pension benefits or variable remuneration for which the payment obligation arose at a time when the credit institution did not meet the combined buffer requirement.

Section 9 A credit institution shall calculate the maximum distributable amount for the leverage ratio buffer requirement in accordance with Chapter 8, section 1 of the Capital Buffers Act (2014:966) by multiplying a distributable amount by a factor.

The distributable amount referred to in the first paragraph shall consist of

a) interim profits and year-end profits that are not included in Common Equity Tier 1 capital in accordance with Article 26(2) of the Capital Requirements Regulation, net of dividends or payments as referred to in Chapter 8, section 3, points 1–3 of the Capital Buffers Act, less

b) the amount that would have been paid in taxes had the profits referred to in point a been retained within the credit institution.

The factor referred to in the first paragraph shall be determined as follows:
When the credit institution's Tier 1 capital, which is not being used to meet the own funds requirement in accordance with Article 92(1)(d) of the Capital Requirements Regulation and the specific own funds requirement that applied by virtue of a decision pursuant to Chapter 2, section 1 of the Special Supervision of Credit Institutions and Investment Firms Act (2014:968), expressed as a percentage of the exposure measure calculated in accordance with Article 429(4) of the Capital Requirements Regulation, is within the leverage ratio buffer's requirement's

a) first quartile, the factor shall be 0,
b) second quartile, the factor shall be 0.2,
c) third quartile, the factor shall be 0.4, or
d) fourth quartile, the factor shall be 0.6.

The lower and upper bound in each quartile shall be calculated as follows:

$$\text{Lower limit in the quartile} = \frac{\text{Leverage ratio buffert requirement}}{4} \text{ x } \left(Q_n - 1\right)$$

$$\text{Upper limit in the quartile} = \frac{\text{Leverage ratio buffert requirement}}{4} \text{ x } Q_n$$

where Q_n states the ordinal number of the relevant quartile, $Q_n = 1$ is equivalent to the first quartile, $Q_n = 2$ is equivalent to the second quartile, $Q_n = 3$ is equivalent to the third quartile $Q_n = 4$ is equivalent to the fourth quartile.

Section 10 A capital conservation plan for the leverage ratio buffer requirement in accordance with Chapter 8, section 1 of the Capital Buffers Act (2014:966) shall contain information concerning the following:

a) Estimates of revenue and expenditure and a forecast for assets, liabilities and equity on the balance sheet.

b) The measures that will be implemented to increase the undertaking's capital ratio.

c) A plan and timeframe for increasing own funds with the aim of fully meeting the leverage ratio buffer requirement in accordance with Article 92(1)(a) of the Capital Requirements Regulation.

d) All other information that the credit institution deems is necessary to allow Finansinspektionen to assess the capital conservation plan.

Section 11 The notification that a credit institution shall submit to Finansinspektionen pursuant to Chapter 8, section 5 of the Capital Buffers Act (2014:966) shall contain information concerning the following:

1. The credit institution's own funds, broken down into:

a) Common Equity Tier 1 capital, and

b) Additional Tier 1 capital.

2. The credit institution's interim and year-end profit.

3. The maximum distributable amount, calculated in accordance with section 9.

4. The portion of the highest distributable amount that the credit institution intends to use in order to

a) perform a distribution linked to the credit institution's Common Equity Tier 1 capital according to Chapter 1, section 2, point 17 of the Capital Buffers Act,

b) redeem own funds instruments,

c) make payments connected to Additional Tier 1 capital, or

d) undertake to pay variable remuneration, discretionary pension benefits or variable remuneration for which the payment obligation arose at a time when the credit institution did not meet the leverage ratio buffer requirement.

Chapter 10

Section 1 A credit institution and an investment firm shall, in a specific document, describe its assessment of its total need of capital and liquidity and which processes and methods the undertaking uses for that assessment. The document shall contain:

1. A comprehensive description of the undertaking's operations and the risks to which they give rise.

2. A description of the processes and methods used by the undertaking to assess the capital needed in 3.

3. Information regarding the undertaking's capital assessment.

4. Information regarding the undertaking's assessment of which type of capital is needed to cover the capital requirement for each risk.

5. A description of the processes and methods used by the undertaking to assess the liquidity needed in 6.

6. Information regarding the liquidity need of the undertaking. The information shall contain the undertaking's assessment of the required scope and composition of its liquidity reserve, and an account of which measures the undertaking has taken, or intends to take, to manage a situation of stressed liquidity.

Chapter 11

Section 2 A holding company that has one or several credit institutions as referred to in Chapter 1, section 2, first paragraph point 7a of the Supervision of Credit Institutions and Investment Firms Act (2014:968) or equivalent foreign undertakings within the EEA as subsidiary undertakings, shall also submit information concerning

1. the persons, shareholders or members who have a qualifying holding in the credit institution and the scope of such holdings, or

2. if there is no qualifying holding, the persons who are the 20 largest shareholders or members of the credit institution.

When the undertaking submits information in accordance with the first paragraph, point 1, it shall always state Finansinspektionen's reference number for cases that involve authorisation to acquire shares.

Section 3 An application for exemption from the requirement for approval for a holding company pursuant to Chapter 1, section 7 of the Special Supervision of Credit Institutions and Investment Firms Act (2014:968), shall contain the following information:

1. A description of the principal activity of the holding company.

2. Name(s) of the undertaking(s) that has/have been appointed as resolution entity in the group's resolution groups.

3. Name of the subsidiary credit institution or equivalent foreign subsidiary undertaking within the EEA responsible for ensuring that the group complies with the supervision requirements at group level.

4. A commitment stating that the holding company is not contributing to influencing the operation of the group or the subsidiaries in the group that are financial institutions or institutions.

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1. These regulations and general guidelines enter into force on 07 July 2021.

2. The provisions set out in Chapter 9, sections 9–11 are initially applied on 01 January 2023.

ERIK THEDÉEN

Kristina Wollter