

## Press Release

20 December 2016

### **ESAs publish the revised Joint Guidelines on the Prudential Assessment of Acquisitions and Increases of Qualifying Holdings in the Financial Sector**

The Joint Committee of the three European Supervisory Authorities (EBA, EIOPA and ESMA – ESAs) published today the revised Joint Guidelines on the prudential assessment of acquisitions and increases of qualifying holdings in the banking, insurance and securities sectors, replacing the previous Guidelines, adopted in 2008.

The revision of the existing Guidelines was required for the following reasons:

- To overcome divergent interpretations across the Member States of the provisions governing the assessment of acquisitions and increases of qualifying holdings
- To provide clarity on the procedural rules and the assessment criteria to be applied by National Competent Authorities (NCAs) for the prudential assessment of acquisitions and increases of qualifying holdings
- To ensure that the principle of proportionality is followed and all proposed acquisitions or disposals of qualifying holdings are treated in the same way throughout the European Union across the three financial sectors

On the application of the regime governing acquisitions and increases of qualifying holdings, the revised Guidelines address the following key issues:

- Providing further clarity on some key concepts, such as indirect holdings, persons acting in concert and decision to acquire
- Ensuring a consistent interpretation of time limits by clarifying when the competent authority should provide an acknowledgement of receipt of the notification regarding the acquisitions of a qualifying holding in a financial institution
- Further clarifying certain matters relevant to the assessment of an acquisition, such as the financial soundness of the proposed acquirer and suspicions of money laundering or terrorist financing

- Applying, in respect of indirect acquisitions of qualifying holdings, a two-step test consisting of a “control” test supplemented by a “multiplication” test

The Guidelines will be translated into all the official languages of the European Union and shall be applicable as of 1 October 2017.

## Note to the Editors

- The **Joint Committee** is a forum for cooperation that was established on 1st January 2011, with the goal of strengthening cooperation between the European Banking Authority (EBA), European Securities and Markets Authority (ESMA) and European Insurance and Occupational Pensions Authority (EIOPA), collectively known as the three European Supervisory Authorities (ESAs).
- Through the Joint Committee, **the three ESAs** cooperate regularly and closely and ensure consistency in their practices. In particular, the Joint Committee works in the areas of supervision of financial conglomerates, accounting and auditing, micro-prudential analyses of cross-sectoral developments, risks and vulnerabilities for financial stability, retail investment products and measures combating money laundering. In addition to being a forum for cooperation, the Joint Committee also plays an important role in the exchange of information with the European Systemic Risk Board (ESRB).
- **The Guidelines** have been developed in accordance with the provisions of the sectoral Directives and Regulations which established the legal framework for the prudential assessment of acquisitions by natural or legal persons of a qualifying holding in a financial institution.
- **Control Test:** NCAs are required to consider as proposed indirect acquirers all natural or legal persons (i) acquiring, directly or indirectly, control over an existing holder of a qualifying holding in a target undertaking, whether such existing holding is direct or indirect, or (ii) who, directly or indirectly, control the proposed direct acquirer of a qualifying holding in a target undertaking.
- **Multiplication Test:** NCAs are required to multiply the percentages of the holdings across the corporate chain and, if the result is 10 % or more in respect of one or several persons, a qualifying holding will be deemed to be acquired indirectly by each of those persons.
- **Qualifying Holding:** A direct or indirect holding in a financial institution which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that undertaking.