

OBLIGATIONS OF THE AUTHORITY AS CONSOLIDATING SUPERVISOR

1. The Authority, in its role as consolidating supervisor, and any overseas competent authority/authorities responsible for the supervision of subsidiaries of a locally licensed parent credit institution, an EU parent financial holding company or an EU parent mixed financial holding company shall do everything within their powers to reach a joint decision on the application of the provisions of Articles 17C (ICAAP) and 17D (SREP) of the Act to determine the adequacy of the consolidated level of own funds held by the group with respect to its financial situation and risk profile and the required level of own funds for the application of Article 16A(2) of the Act to each entity within the banking group and on a consolidated basis.
2. The joint decision shall be reached within four months after submission by the Authority, as consolidating supervisor, of a report containing the risk assessment of the group in accordance with the group's ICAAP and the Authority's SREP to the other relevant competent authorities. The joint decision shall also duly consider the risk assessment of subsidiaries performed by the relevant competent authorities in accordance with Articles 123 and 124 of the Capital Requirements Directive.
3. The joint decision shall be set out in a document containing the fully reasoned decision which shall be provided to the locally licensed parent credit institution by the Authority. In the event of disagreement, the Authority shall, at the request of any of the other competent authorities concerned, consult the European Banking Authority (EBA). The Authority may consult the EBA on its own initiative.
4. In the absence of such a joint decision between the competent authorities within four months, a decision on the application of Articles 16A(2)(1), 17C and 17D of the Act shall be taken on a consolidated basis by the consolidating supervisor (the Authority) after duly considering the risk assessment of subsidiaries performed by the relevant overseas authorities. If, at the end of the four month period, any of the competent authorities concerned has referred the matter to EBA in accordance with Article 19 of Regulation (EU) No 1093/2010, the consolidating supervisor shall defer its decision and await any decision that EBA may take in accordance with Article 19(3) of that Regulation, and shall take its decision in conformity with the decision of EBA. The four month period shall be deemed the conciliation period within the meaning of the Regulation. EBA shall take its decision within 1 month. The matter shall not be referred to EBA after the end of the four month period or after a joint decision has been reached.
5. The decision on the application of Articles 123 and 124 and Article 136(2) of the Capital Requirements Directive shall be taken by the respective overseas authorities responsible for supervision of subsidiaries of an EU parent credit institution, an EU parent financial holding company or an EU parent mixed financial holding company on an individual or sub-consolidated basis after duly considering the views and reservations expressed by the Authority. If, at the end of the four-month period, any of the competent authorities concerned has referred the matter to EBA in accordance with Article 19 of Regulation (EU) No. 1093/2010, the competent authorities shall defer their decision and await any decision that EBA shall take in accordance with

Article 19(3) of that Regulation, and shall take its decision in conformity with the decision of EBA. The four month period shall be deemed the conciliation period within the meaning of that Regulation. EBA shall take its decision within 1 month. The matter shall not be referred to EBA after the end of the four-month period or after a joint decision has been reached.

6. The decisions shall be set out in a document containing the fully reasoned decisions and shall take into account the risk assessment, views and reservations of the other overseas authorities expressed during the four-month period. The document shall be provided by the Authority to all the other overseas authorities concerned and to the locally licensed parent credit institution.
7. Where the EBA has been consulted, all authorities involved in the above process shall consider its advice, and explain any significant deviation therefrom.
8. The joint decision referred to in paragraph 1 and any decision taken in the absence of a joint decision in accordance with paragraphs 4 and 5 shall be updated on an annual basis or, in exceptional circumstances, where an authority responsible for the supervision of subsidiaries of a locally licensed parent credit institution, an EU parent financial holding company or an EU parent mixed financial holding company makes a written and fully reasoned request to the Authority to update the decision. In the latter case, the update may be addressed on a bilateral basis between the Authority and the overseas authority making the request.