

**CHAPTER 2 – COMPETENT AUTHORITIES' EVALUATION PROCESS, INTERVENTION AND
TRANSPARENCY**

Article 126

Evaluation Process

- (1) Competent authorities shall apply a process to each institution to review and evaluate on a systematic and consistent basis:
 - (a) the institution's exposure to risks referred to under Article 116.2(a);
 - (b) the adequacy and reliability of the assessment process in relation to the requirements laid down under Articles 116 and 117 and Annex I;
 - (c) the quantitative and qualitative adequacy of the institution's own funds and internal capital;
 - (d) the institution's ongoing compliance with the requirements and standards laid down in Titles II and IV for the use of specific techniques and access to advanced calculation methodologies;
 - (e) the institution's compliance with the other requirements laid down under this Directive.
- (2) Competent authorities shall determine for each institution the frequency, intensity and scope of the evaluation process referred to under paragraph 1 having regard to systemic importance, nature, scale and complexity of the activities of the institution concerned.
- (3) Competent authorities shall review the results of the evaluation process referred to under paragraph 1 at least annually and consider the need to carry out the evaluation process on an institution, or to review the most recent one, as soon as they get any new information which may significantly impact on that institution.
- (4) Based on the analysis and results of the evaluation process, the competent authorities shall assess whether any weaknesses or inadequacies are identified or can be anticipated at the institution concerned.