



**Single  
Rulebook  
Q&A**

<b>Question ID</b>	2020_5487
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Supervisory reporting - Large Exposures
<b>Article</b>	394
<b>Paragraph</b>	-
<b>Subparagraph</b>	-
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Regulation (EU) No 680/2014 - ITS on supervisory reporting of institutions (as amended)
<b>Article/Paragraph</b>	Annex IX
<b>Date of submission</b>	09/09/2020
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<b>Disclose name of institution / entity</b>	No
<b>Type of submitter</b>	Credit institution
<b>Subject matter</b>	Reporting of connected clients and underlying individual clients exposures and type of counterparty indication in C27
<b>Question</b>	The institution has exposures to each individual member of a group of connected clients consisting of a mixed holding company (that is the parent company, in the below example 'ABC group') and a credit institution (that is a subsidiary of the parent company, in the below example 'ABC bank'). The exposure to the credit institution is the largest (approx. 90% of the exposure to the connected group). The exposures are included in the LE reporting in accordance with Annex 4 part 2 (5) (10 largest institution exposures).

	<p>Can you confirm if the institution is correct to report the counterparties in C27 in the below manner?</p> <p>Code (010) Name (020) Lei code (030) Residence (040) Sector (050) Nace (060) Type (070)</p> <p>(1) Code ABC group ABC group Lei ABC group Country ABC group (empty) (empty) I</p> <p>(2) Code ABC group ABC group Lei ABC group Country ABC group Fin Corp K64 (empty)</p> <p>(3) Code ABC bank ABC bank Lei ABC bank Country ABC bank Credit Inst (empty) I</p> <p>First line (1) is for the indication of the parent/head of the group of connected clients, and in accordance with Annex 4 Sector (050) and Nace (060) are left empty and Type is set at 'I' (for the reference to C30 and C31).</p> <p>Second line (2) is for the individual exposure to ABC group, and third line (3) is for the individual exposure to ABC bank.</p>
<p><b>Background on the question</b></p>	<p>Validation error was received regarding reference between C30 and C31 to C28. The validation error is due to the fact that the parent/head of the group of connected clients is not included in C27 with Type (070) 'I'.</p>
<p><b>EBA answer</b></p>	<p>According to the template instructions from Annex IX of Regulation (EU) No 680/2014 (ITS on Reporting), template LE1 provides the identification of individual clients or groups of connected clients; LE2 and LE3 the information of exposures in the non-trading and trading book and the detail of the individual clients within the groups; and LE4 and LE5 the information by maturity bucket of the ten largest exposures to institutions and the ten largest exposures to unregulated financial sector entities and the detail of the individual clients within the groups.</p> <p>In template LE1, under columns 010-070, institutions shall report the identification of any counterparty for which information is being submitted in any of the templates C 28.00 to C 31.00. The identification of the group shall not be reported, unless the national reporting system provides a unique code for the group of connected clients. In that case, such code identifying de group refers to a group of entities (and not to an individual entity), and, for this reason, it is not possible to associate with it a single residence or sector. As a result, the fields “Residence of counterparty”, “Sector of counterparty” and “NACE Code” in LE1 should be left blank. In cases when the reported code of the group is the parent code or</p> <p>the most significant company code, it refers to an individual entity which can be distinguished by given residence or sector, so these fields should be reported.</p>

The exposure with the group of connected clients shall be reported in LE2 and the detail of the individual clients within that group, in LE3. In LE2, for a group of connected clients, if a unique code is available at national level, this code shall be reported as the code of the group of connected clients. Where there is no unique code at the national level, the code that shall be reported shall be the code of the parent company in C 27.00. In the cases where the group of connected clients does not have a parent, the code that shall be reported shall be the code of the individual entity which is considered by the institution as the most significant within the group of connected clients. In this example, in LE2 it should be reported the information of the group under the code of the parent company. Then, the institution shall report in template LE3 the data of the individual clients belonging to the group included in the rows of template LE2.

Depending on the national reporting system, it shall be reported this way:

- In cases where there is a unique code for the group of connected clients

In LE1, the identification of the unique code assigned for the group of connected clients shall be reported (the fields "Residence", "Sector", and "NACE Code" shall be left blank) and the information related to each individual client within the group of connected clients.

- In cases where there is not a unique code so the code reported is the parent company/most significant entity code

All the information related to the parent company or the most significant company within the group shall be reported and all the information related to each individual client within the group of connected clients.

The reporting of the field "Type", in both cases, depends on if there is a parent company or not in the group and its classification itself as an I/U. As pointed in Q&As [2013\\_492](#) and [2014\\_1058](#), a group of connected clients as a whole is classified as I/U if the parent company (or in the case there is no parent company the most significant client) is an I/U itself. Within such a

	<p>group, every client has to be marked as I/U according to its specific character. But the type of the counterparty in LE1 shall be reported only when the exposure is one of the ten most largest I/U exposures.</p> <p>In the example, there is a parent company, which is not ABC Credit institution, and so, the group of connected client cannot be considered as a I. However, ABC Credit institution itself is one of the 10 largest institution exposures, so its type shall be reported as "I". In the rest of cases (as long as they are not considered one of the ten largest I/U), it shall be left blank.</p> <p>In the case that there was no parent company, the most significant company would be ABC Credit institution, and so would be the group of connected client, so the type reported for the unique code would be an "I", and shall be left blank in the rest of cases.</p>
<b>Link</b>	<a href="https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2020_5487">https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2020_5487</a>

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