

<b>Question ID</b>	2020_5508
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Supervisory reporting - COREP (incl. IP Losses)
<b>Article</b>	99
<b>Paragraph</b>	-
<b>Subparagraph</b>	-
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Draft ITS on Supervisory Reporting of Institutions
<b>Article/Paragraph</b>	Annex 2 Part II C34.02, r0010, c0060-c0090 and C34.08
<b>Date of submission</b>	22/09/2020
<b>Published as Final Q&amp;A</b>	19/03/2021
<b>Disclose name of institution / entity</b>	No
<b>Type of submitter</b>	Other
<b>Subject matter</b>	Reporting of margins in C34.02 and in C34.08 under OEM and simplified SA-CCR methods
<b>Question</b>	<p>According to dpm3.0 in the current version, collateral that was taken into account in the calculation of the CCR exposure, must be shown in form C34.02 in columns 0060-0090. The columns 0060-0090 are grayed out for OEM. These margins are to be shown in more detail in form C34.08.</p> <p>The question: within the scope of the calculations according to Art. 282 (OEM) and Art. 281 (simplified SA-CCR), the margins are covered in the formula of replacement costs (<math>RC = TH + MTA</math>). The margins therefore generally have no direct impact on the calculated assessment basis. That is why the margins are not to be reported:</p> <ul style="list-style-type: none"> <li>- in columns 0060-0090 of form 34.02 for simpl. SA-CCR analogous to OEM and</li> <li>- in form 34.08 for both methods (simplified SA-CCR and OEM).</li> </ul> <p>Is this assumption correct?</p>
<b>Background on the question</b>	Software development in regulatory reporting context needs information on how to proceed with the margins under OEM and simplified SA-CCR methods of calculation of the EAD for counterparts credit risks.

<p><b>EBA answer</b></p>	<p>Template C.34.02 gives information about all the variables needed in the calculation of RWA for Counterparty credit risk.</p> <p>Columns 0060-0070 give information about the VM, the volatility-adjusted value of the net variation margin received or posted, and columns 0080-0090 give information about NICA, the sum of the volatility-adjusted value of net collateral received or posted, other than variation margin. Both values are calculated according to article 276 of Regulation (EU) 575/2013 (CRR). VM and NICA are needed for the calculation of the Replacement cost (RC) using the Standardised approach for CCR according to art. 275 of CRR.</p> <p>According to art. 281 of CRR, Simplified standardised approach for CCR uses neither VM nor NICA for calculation of RC, so columns 0060-0090 of C.34.02 can be greyed out for this method.</p> <p>On the other hand, in template C.34.08 institutions have to report the fair value of all collateral received or posted regardless the method used for the calculation of RWA.</p>
<p><b>Link</b></p>	<p><a href="https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2020_5508">https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2020_5508</a></p>

European Banking Authority, 19/01/2022  
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