

Single Rulebook Q&A

Question ID	2021_5843
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - COREP (incl. IP Losses)
Article	Article 430
Paragraph	-
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Regulation (EU) 2021/451 - ITS on supervisory reporting of institutions
Article/Paragraph	Article 272(12)
Date of submission	11/05/2021
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Disclose name of institution / entity	Yes
Name of institution / submitter	Barclays Plc
Country of incorporation / residence	United Kingdom
Type of submitter	Credit institution
Subject matter	Application of CRR Article 272(12) to SFT population within CoRep Template C34.02
Question	<p>CRR2 Requirement</p> <p>Application of Article 272(12) to the SFT population under IMM and FCCM approaches in derivation of the current market value for the purpose of disclosure in Taxonomy 3.0 template 34.02 - 'current market value' or 'CMV' means the net market value of all the transactions within a netting set gross of any collateral held or posted where positive and negative market values are netted in computing the CMV.</p> <p>Reporting requirement</p> <p>The EBA ITS instructions state that the Current Market Value (CMV), positive should represent the Sum of the current market values (CMV) of all the netting sets with positive CMV as defined in Article 272(12) CRR and the Current Market Value (CMV), Negative the sum of the absolute current</p>

	<p>market values (CMV) of all the netting sets with negative CMV as defined in Article 272(12) CRR.</p> <p>It has been noted that the article reference - 272(12) is specifically tied to the standardised method and therefore does not apply to other methodologies for CCR</p> <p>However the EBA have extended the application of said article under CRR2 to cover all calculation approaches. Neither the CRR2 text or the reporting requirements provide sufficient clarity on how the current market value should be derived for the SFTs - a concept that is not recognised as a capital measure in assessing the counterparty credit risk for security financing trades. For SA-CCR this would be a relevant parameter, but from a firm perspective we do not use SA-CCR for our repos, only IMM or FCCM (so either Article 220 or 223).</p>
Background on the question	<p>Article reference - 272(12) is specifically tied to the standardised method and therefore does not apply to other methodologies for CCR. Therefore, for the reporting requirement under Taxonomy 3.0 - C34.02 we would like to question the approach to be used for SFTs when reporting the CMV value.</p>
Final answer	<p>According to article 271 of Regulation (EU) 575/2013, for SFTs the exposure value for counterparty credit risk can be calculated according to Chapter 6 of Title II of Part Three CRR or Chapter 4 of Title II of Part Three CRR. The new wording of Article 272 (12), as amended by Regulation 2019/876, does not relate the current market value (CMV) to the standardized method, but rather gives a general definition (Section 5 before Regulation 575/2013 was amended by Regulation 2019/876). Although this parameter is used in the simplified SA-CCR approach, the SA-CCR approach and the original exposure method, (defined in Chapter 6 of Title II of Part Three CRR), the current market value can be calculated for all transactions within a netting set regardless the method that is used to determine the exposure value. It has to be reported as it adds relevant information on the CCR exposures.</p>
Link	<p>https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2021_5843</p>

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