

Single Rulebook Q&A

Question ID	2021_6117
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - COREP (incl. IP Losses)
Article	430
Paragraph	2
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Regulation (EU) 2021/451 - ITS on supervisory reporting of institutions
Article/Paragraph	Annex II
Date of submission	28/07/2021
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Disclose name of institution / entity	Yes
Name of institution / submitter	Wolters Kluwer
Country of incorporation / residence	Romania
Type of submitter	Consultancy firm
Subject matter	C 34.08 - Collaterals with haircuts
Question	Should the fair value of collaterals (posted or received) used in CCR exposures related to derivative transactions, SFTs and long settlement transactions be reported in template C 34.08 after the haircut (volatility, FX) was applied or without considering the haircut?
Background on the question	The template C 34.08 (Composition of collaterals for CCR exposures) provides evidence for the fair value of collateral (posted or received) used in CCR exposures related to derivative transactions, long settlement transactions or to SFTs, whether or not the transactions are cleared through a CCP and whether or not collateral is posted to a CCP. In this template , the fair value of collateral received or posted might have to be reported after the haircut (volatility, FX) is applied. If the haircut shall be applied, should the value of collateral received be reduced by the haircut (i.e. in this scenario, in the report, the fair value of the collateral multiplied by (1 - haircut) should be

	<p>considered) and the value of the collateral posted be increased after the haircut (i.e. in this scenario, in the report, the fair value of the exposure multiplied by (1 + haircut) should be considered)? In the case of collaterals used in derivative transactions, the institutions shall report the collateral (including the initial margin and variation margin collateral) that is used in CCR exposures related to any derivative instrument listed in Annex II to the CRR or a long settlement transaction as per Article 271(2) of the same regulation not qualifying as an SFT. Complementary, for the collateral used in SFTs, institutions shall report the collateral (including the initial margin and variation margin collateral as well as the collateral appearing as security in the SFT) that is used in CCR exposures related to any SFT or a long settlement transaction not qualifying as a derivative.</p>
Final answer	<p>According to Regulation (EU) 2021/451, Annex II, the template C 34.08 shall be filled with fair values of collateral used in CCR exposures.</p> <p>The fair values of collateral received or posted must be reported after the application of haircuts. The value of collateral received will be reduced by the haircut, and the value of collateral posted will be increased by the haircut.</p>
Link	<p>https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2021_6117</p>

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