

Single Rulebook Q&A

Question ID	2021_6118
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - COREP (incl. IP Losses)
Article	4
Paragraph	140
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Regulation (EU) 2021/451 - ITS on supervisory reporting of institutions
Article/Paragraph	n.a.
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	C34.08 report - the collaterals which are related to derivatives, long settlement transactions and SFTs and which are not initial or variation margins should be reported in the Initial margin columns
Question	Considering the definition of the initial margin which is provided in CRR, Article 4, paragraph 140, the collaterals posted or received which are related to a SFT transaction / derivative transaction / long settlement transaction and are not initial or variation margin should be reported in the C34.08 report <i>Composition of collaterals for CCR exposures</i> , column 0010 / column 0030 / column 0050 / column 0070 / column 0090 / column 0110 / column 0140 / column 0160 Initial margin?
Background on the question	In accordance with the requirements which are presented in Annex II Reporting on own funds and own funds requirements, the C34.08 report <i>Composition of collaterals for CCR exposures</i> highlights the fair values of

	<p>collateral (posted or received) used in CCR exposures related to derivative transactions, long settlement transaction or to SFTs, whether or not the transactions are cleared through a CCP and whether or not collateral is posted to a CCP. In the C34.08 report Composition of collaterals for CCR exposures institutions should provide evidence for the collateral (including the initial margin and variation margin collateral) that is used in CCR exposures related to derivative transactions, long settlement transactions and SFTs. In accordance with Article 4, paragraph 140, 'initial margin' or 'IM' means any collateral, other than variation margin, collected from or posted to an entity to cover the current and potential future exposure of a transaction or of a portfolio of transactions in the time period needed to liquidate those transactions, or to re-hedge their market risks, following the default of the counterparty to the transaction or portfolio of transactions.</p>
Final answer	<p>According to Article 4, paragraph 140 of CRR 'initial margin' or 'IM' means any collateral, other than variation margin, collected from or posted to an entity to cover the current and potential future exposure of a transaction or of a portfolio of transactions in the period needed to liquidate those transactions, or to re-hedge their market risk, following the default of the counterparty to the transaction or portfolio of transactions.</p> <p>According to the Implementing Regulation (UE) 451/2021, Annex II, for columns 0010, 0030, 0050, 0070, 0090, 0110, 0140, 0160, Institutions shall report the fair values of collateral received or posted as initial margin (defined in point (140) of Article 4(1) CRR). Hence, relying on this definition, only IM collateral amounts shall be reported in the respective columns.</p>
Link	<p>https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2021_6118</p>

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