

Single Rulebook Q&A

Question ID	2021_6291
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - COREP (incl. IP Losses)
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	Annex II
Date of submission	24/11/2021
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Disclose name of institution / entity	No
Type of submitter	Consultancy firm
Subject matter	Template 34.02 - Exposure value post-CRM
Question	<p>When Institutions calculate the exposure value post-CRM in accordance with the Standardised approach for counterparty credit risk, should it consider Article 274(3) of CRR?</p> <p>In other words: if the exposure value of a netting set that is subject to a contractual margin agreement is bigger than the exposure value of the same netting set not subject to any form of margin agreement, should institutions insert the first or the second value into the template?</p>
Background on the question	<p>Article 274(3) of CRR stipulates that the exposure value of a netting set that is subject to a contractual margin agreement shall be capped at the exposure value of the same netting set not subject to any form of margin agreement. Annex II (Solvency) to the Regulation (EU) 2021/451 (ITS on Supervisory Reporting) clarifies for template 34.02: in column 150: institutions shall report the exposure value pre-CRM for CCR netting sets, which shall be calculated in accordance with the methods laid down in Chapters 4 and 6 of Title II of Part Three CRR taking into account the effect of netting, but disregarding any other credit risk mitigation techniques (e.g. margin collateral). in column 160: institutions shall report the exposure value post-</p>

	<p>CRM for CCR netting sets, which shall be calculated in accordance with the methods laid down in Chapters 4 and 6 of Title II of Part Three CRR, having applied CRM techniques as applicable in accordance with Chapters 4 and 6 of Title II of Part Three CRR.</p>
Final answer	<p>In accordance with the instructions of Annex II to Regulation (EU) 2021/451 (ITS on Supervisory Reporting), column 0160 of template C 34.02 shall be filled with exposure values post-CRM for CCR netting sets calculated in accordance with the methods laid down in Part Three, Title II, Chapters 4 and 6 of Regulation (EU) No 575/2013 (CRR), having applied CRM techniques as applicable in accordance with Part Three, Title II, Chapters 4 and 6 of the CRR.</p> <p>Article 274(3) CRR is seen as part of the methods laid down in Chapter 6 of Title II of Part Three CRR, so it should be considered when calculating the exposure value post-CRM according to the SA-CCR.</p>
Link	<p>https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2021_6291</p>

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