

Question ID	2022_6363
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	Section 3.9.4
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Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	v09821_m, v09823_m - Hedging sets
Question	<p>In template C 34.03, the columns current market value (CMV), positive (c0050) and Current market value (CMV), negative (c0060) are to be presented on hedging set level and shall be determined by netting positive and negative market values of the transactions within one hedging set gross of any collateral held or posted.</p> <p>In order to comply with requirements, the CMVs are to be presented on hedging set level. While this is possible for calculating each risk category (e.g. Equity risk (r0230, c0050, c0060), there is a potential issue with split of the given risk category into single- and multi-name transactions (e.g. for Equity risk: r0250, r0260, c0050, c0060). The hedging sets can contain both single and multi-name transactions. How to approach a possible situation where in an extreme case e.g. CMV on the hedging set can be positive, but all single name transaction-level MV are negative, therefore the positive CMV would actually be negative?</p> <p>Is it possible to calculate CMV splitting the hedging sets into single and multi-name hedging sub-sets, then determining the CMV on those hedging sub-sets? In this case, the netting of positive and negative market values will</p>

	happen only within the hedging sub-sets.
Background on the question	Reporting instructions not clear on how to correctly interpret requirements for calculating and reporting CMV in context of single and multi-name transactions.
Final answer	<p>In accordance with Annex II to Regulation (EU) 2021/451 (ITS on supervisory reporting, ITS), institutions shall report in columns 0050 and 0060 of template C 34.03 of Annex I the sum of the current market values (CMV) of all hedging sets with positive and negative, respectively, CMV in the corresponding risk category. The CMV on hedging set level shall be determined by netting positive and negative market values of the transactions within one hedging set gross of any collateral held or posted.</p> <p>Rows 0190 and 0230 shall be filled in accordance with Articles 277 and 277a of Regulation (EU) 575/2013, i.e. including individual transactions as they are considered in each hedging set. In addition, rows 0210, 0250 and 0220, 0260 shall be filled in as if the hedging sets include single-name or multi-name transaction only, respectively. Where a hedging set includes both single-name and multi-name transactions, validation rules v09821_m and v09823_m may fail in some instances.</p>
Link	https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2022_6363

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