

Question ID	2022_6364
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - COREP (incl. IP Losses)
Article	430
Paragraph	3.9.3
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Regulation (EU) 2021/451 - ITS on supervisory reporting of institutions
Article/Paragraph	Section 3.9.3
Date of submission	10/02/2022
Published as Final Q&A	17/02/2023
Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	v09808_m - netting set with IMM and SA-CCR positions
Question	<p>In template C 34.02, the columns current market value (CMV), positive (c0040) and Current market value (CMV), negative (c0050) are to be presented as a sum of the current market values (CMV) of all the netting sets.</p> <p>In order to comply with requirements, the CMVs are to be presented on netting set level. Split between positive and negative CMV presented in columns 0040 and 0050 respectively is done on the netting sets level, however netting set may comprise both SA-CCR and IMM derivatives. An ISDA agreement can cover derivatives that can be either calculated using the IMM or SA-CCR, i.e. a single netting set can be presented in both rows 0030 and 0040.</p> <p>Are the following assumptions correct?</p> <p>In order to comply with the template logic, such a netting set would be split to IMM and SA-CCR parts and CMV will be then calculated for respective splits. Those splits can result in opposite signs. However, as the definition of the template says the CMV shall be calculated on a netting set, the total will be always present only as strictly positive or strictly negative. Then in</p>

	C34.02 template, total value of the netting sets with positive and negative CMV will reconcile with the total positive and negative CMV of presented approaches (sum of columns 0040 and 0050).
Background on the question	Reporting instructions not clear on how to correctly interpret requirements for calculating and reporting CMV in context of netting set splits to IMM and SA-CCR methods.
Final answer	<p>The purpose of template C 34.02 of Annex I to Regulation (EU) 2021/451 (ITS on Supervisory Reporting) is to obtain an overview over an institution's exposures subject to counterparty risk, and the prudential treatment of such exposures.</p> <p>There could be cases where netting sets, as defined in Article 272, point (4), of Regulation (EU) No 575/2013 (CRR), comprise positions to which more than one approach for determining the exposure value for CCR is applied, i.e. netting sets where distinct positions belonging to the same netting set are treated using distinct CCR approaches. In those cases, institutions should fill in the information in template C 34.02 by considering those distinct parts of the netting set (i.e. those 'sub-netting sets') separately, treating them as if they were two different netting sets. That separate treatment should also be applied for the total row (r0110) of template C 34.02.</p> <p>For example, where two CCR approaches apply to the same netting set and the current market value is positive (+50) for one 'sub-netting set' and negative (-80) for the other, institutions should not net the two values for the purpose of filling in template C 34.02 and the two values should be reported separately for the purposes of the total row (i.e. c0040 = 50, c0050 = -80).</p> <p>Based on the considerations above, v09808_m is valid and applicable.</p>
Link	https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2022_6364