

Single Rulebook Q&A

Question ID	2013_74
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - COREP (incl. IP Losses)
Article	Article 99
Paragraph	-
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Regulation (EU) No 680/2014 - ITS on supervisory reporting of institutions (as amended)
Article/Paragraph	Annex I, C05.01, (r 240 to r330)
Date of submission	25/07/2013
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Disclose name of institution / entity	No
Type of submitter	Consultancy firm
Subject matter	COREP: C05.01 Transitional Adjustments Reciprocal Cross Holdings - Residual amounts of CET1 to be deducted from AT1 and T2
Question	<p>(CA5;240 to 330;*) cover Reciprocal Cross Holdings. In CA5, for each of the capital groups (CET1, AT1 and T2), a differentiation is made between Rec. Cross Holdings where the institution has a significant investment versus a non-significant investment. In article 472 (9), it is stated that in case of a significant investment under Rec. Cross Holdings, the residual amount should be treated in accordance with point (i) of Article 36 (1) whereas for non-significant investments under Reciprocal Cross Holdings, it should be treated in accordance with point (h) of Article 36 (1). However, as both significant and non-significant holdings are treated separately in CA 5.1 (Row 390 to 420 and Row 340 to 370 respectively), we are wondering which residual amount there remains to be put under a transitional adjustment under rows 260 to 330 for columns 020 to 030.</p>
Background on the question	<p>Note that the above question rises because of the fact no calculation can be found on the reciprocal cross holdings. Whereas in CA5.1, a distinction is made between sign and non-sign investment, it is not known which other parts there exist under Reciprocal Cross Holdings to be treated in rows 260 to 330 respectively. Can someone help us out on this?</p>

EBA answer	<p>Amounts to be deducted from CET1, AT1 or T2 are explicitly listed in Articles 36, 56 or 66 of the Regulation (EU) No. 575/2013 (CRR). Those articles explicitly mention reciprocal cross holdings, holdings of own funds instruments of financial sector entities where the institution has a significant investment and holdings of own funds instruments of financial sector entities where the institution does not have a significant investment as separate deductions. The reporting in C 01.00 follows the structure of the CRR. The structure of C 05.01 is closely linked to the structure of C 01.00. As a consequence, the C 05.01 also has a separate reporting of holdings included in the question above. Hence there is an unambiguous assignment for those holdings to the block of rows 240 to 330, 340 to 370 or 390 to 420 of C 05.01.</p> <p>When calculating the residual amounts for reciprocal cross holdings, the CRR refers to the respective treatment of holdings of own funds instruments of financial sector entities where the institution has/does not have a significant investment. Due to the fact that the calculation of the residual amount (to be reported in column 060) is different depending on whether there is a significant holding or not (see articles 472 (9) and (10) CRR), the C 05.01 asks for a separate reporting for those cases. The amount to be reported in column 060 is the basis amount (respectively the residual amount) relevant to calculate the adjustments. Due to the fact that the CRR includes cross references for the reciprocal cross holdings, the approach for calculating the amounts for columns 060 of rows 260, 290, 320 and 340 to 370 is the same (the same is true for column 060 and rows 270, 300, 330 and 390 to 420 respectively).</p>
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_74

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