

Single Rulebook Q&A

Question ID	2013_102
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - COREP (incl. IP Losses)
Article	99
Paragraph	5
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 XV, v584_m
Date of submission	29/07/2013
Published as Final Q&A	14/02/2014
Disclose name of institution / entity	No
Type of submitter	Consultancy firm
Subject matter	COREP: Validation rules on draft ITS for C19.00 (MKR SA SEC)
Question	<p>In this return (C 19.00 MKR SA SEC) we are asked to complete the average risk weight (%) for securitisations going through the supervisory formula approach and the internal assessment approach, in columns 260, 290, 490 and 520. The validation rules in Annex XV specify that these % figures are simply added together, as for any other columns on the return. This produces a mathematically nonsensical result. For example, for the total row (row 010) we should add together the average % amounts from each securitisation category, to reach a total average %. The total is thus the sum of the average %s of each row, a figure that owes more to how many rows are being completed than to any particular value. % Would it not be more mathematically sensible to take the average % of the total? In other words, to replace the existing $\{r010,c260\} = \{r030,c260\} + \{r060,c260\} + \{r090,c260\}$ with $\{r010,c260\} = \{\{r030,c260\} * \{r030,c250\}\} + \{\{r060,c260\} * \{r060,c250\}\} + \{\{r090,c260\} * \{r090,c250\}\}$? Or if this is not suitable, to not calculate the value at all?</p>
Background on the question	As a company we provide guidance and software to complete the returns and understand the calculations. The more lead time we can have to put any changes or corrections to the return logic into our software the better.

<p>EBA answer</p>	<p>The validation rules in Annex XV regarding template C 19.00 columns 260, 290, 490 and 520 and rows 010, 030, and 060 were incorrectly specified in the first draft version of the ITS and have been deleted in the <u>Regulation (EU) No 680/2014 13 ITS on supervisory reporting of institutions</u> current draft version. The total average risk weights for these rows should not be <u>not</u> the sum of the risk weights of subset rows, but the risk weighted average of subset rows.</p> <p>For instance, the previous</p> $\{C\ 19.00, r010, c260\} = \{C\ 19.00, r030, c260\} + \{C\ 19.00, r060, c260\} + \{C\ 19.00, r090, c260\}$ <p>should be replaced with:</p> $\{C\ 19.00, r010, c260\} = [(\{C\ 19.00, r030, c260\} * \{C\ 19.00, r030, c250\}) + (\{C\ 19.00, r060, c260\} * \{C\ 19.00, r060, c250\}) + (\{C\ 19.00, r090, c260\} * \{C\ 19.00, r090, c250\})] / \{C\ 19.00, r010, r250\}.$ <p>These cells always have to be completed if there are positions assigned to them. The validations used by the competent authorities will be adjusted accordingly.</p> <p><i>*As of 1/8/2014 the content of this answer was modified to reflect the publication of the final ITS on supervisory reporting of institutions in the Official Journal of the European Union. As a result, the references to the ITS were updated and the disclaimer deleted. For reasons of transparency, revisions are highlighted in track changes.</i></p>
<p>Link</p>	<p>https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_102</p>

European Banking Authority, 22/01/2022

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