

Question ID	2013_428
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Market risk
Article	325
Paragraph	1
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Not applicable
Article/Paragraph	-
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Disclose name of institution / entity	No
Type of submitter	Accounting firm
Subject matter	Scope of "undertaking" in Article 325 (1) of Regulation (EU) No 575/2013 (CRR)
Question	Does the term "undertaking" in Article 325 (1) of CRR refer to financial sector entities as well as other legal business entities outside the financial sector? If not, to which does it refer?
Background on the question	Article 325 of CRR sets out allowances for consolidated requirements. For the purpose of calculating own funds requirements for market risks and under certain conditions set out in paragraphs 2 and 3 thereof, a parent institution may within a group use positions in one institution or undertaking to offset positions in another institution or undertaking, thus effectively reducing own funds requirements for market risks. The question stated here aims at clarifying the scope of Article 325 of CRR.
Final answer	<p>The undertakings referred to in paragraph 1 of Article 325 of Regulation (EU) No 575/2013 (CRR) relate to the entities other than institutions included in the perimeter of prudential consolidation in accordance with Article 18 of CRR.</p> <p>DISCLAIMER:</p>

	<p>This question goes beyond matters of consistent and effective application of the regulatory framework. A Directorate General of the Commission (Directorate General for Internal Market and Services) has prepared the answer, albeit that only the Court of Justice of the European Union can provide definitive interpretations of EU legislation. This is an unofficial opinion of that Directorate General, which the European Banking Authority publishes on its behalf. The answers are not binding on the European Commission as an institution. You should be aware that the European Commission could adopt a position different from the one expressed in such Q&As, for instance in infringement proceedings or after a detailed examination of a specific case or on the basis of any new legal or factual elements that may have been brought to its attention.</p>
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