

<b>Question ID</b>	2013_471
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Market risk
<b>Article</b>	382
<b>Paragraph</b>	4
<b>Subparagraph</b>	-
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Not applicable
<b>Article/Paragraph</b>	not applicable
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<b>Disclose name of institution / entity</b>	Yes
<b>Name of institution / submitter</b>	Austrian Federal Economic Chamber, Division Bank and Insurance
<b>Country of incorporation / residence</b>	Austria
<b>Type of submitter</b>	Industry association
<b>Subject matter</b>	Calculation of own funds requirements for CVA risk on a consolidated basis
<b>Question</b>	How shall the own funds requirement for CVA risk be calculated for consolidated group of institutions?
<b>Background on the question</b>	We see two possibilities to do so: 1. Sum of individual own funds requirements of all single institutions within the consolidated group; 2. Prepare the consolidated portfolio of all OTC derivative instruments within the consolidated group and then run a separate group CVA calculation
<b>Final answer</b>	The own funds requirement for CVA risk on a consolidated group level is calculated by running a calculation using the advanced or standardised method, as appropriate, on the consolidated portfolio of all OTC derivative transactions between all members of the group and an external counterparty (i.e. a counterparty which is not a member of the group). Intragroup transactions (i.e. between two members of the group) <del>according to as</del>

	<p><u>referred to in</u> Article 382(4)(b) of Regulation (EU) No. 575/2013 (CRR)(including intragroup transactions that are eligible hedges under Article 386), must be excluded from this calculation.</p> <p>The offsetting of positions which are held against the same counterparty depends on the scope of the individual netting agreement. Positions of different legal entities within the consolidated group may be offset against each other if the netting agreement allows this, e.g. covers the group rather than individual legal entities. Where the netting agreement covers only one legal entity, offsetting is only possible within that legal entity.</p>
<b>Link</b>	<a href="https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_471">https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_471</a>

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