

Question ID	2013_474
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Large exposures
Article	4, 305, 306, 390
Paragraph	1, 2, 2
Subparagraph	91
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Not applicable
Article/Paragraph	not applicable
Date of submission	01/11/2013
Published as Final Q&A	28/03/2014
Disclose name of institution / entity	Yes
Name of institution / submitter	Austrian Federal Economic Chamber, Division Bank and Insurance
Country of incorporation / residence	Austria
Type of submitter	Industry association
Subject matter	Treatment of collateral posted from client to clearing Member in Large Exposures
Question	Does Article 390(1) of Regulation (EU) No 575/2013 (CRR) include collateral posted from client to clearing member?
Background on the question	If so, posted collateral could receive an exposure value of 0 (Article 306 (2) CRR) for the purposes of large exposures, provided that all of the pre-conditions of Articles 305(2) and 306(2) are fulfilled. Please note, that otherwise there is a risk of exceeding the LE-Limit of Article 395 (1) CRR, since collateral claims of a CCP have to meet, regardless of any limits and CCP related trade exposures of a client are not an exemption according to Article 400 of CRR.
Final answer	Trade exposures, as defined in Article 4(1)(91) of Regulation (EU) No. 575/2013 (CRR), include the current and potential future exposures of

	<p>clients and clearing members to CCPs arising from contracts listed in Annex II of CRR, credit derivatives and transactions listed in points (b) to (e) of Article 301(1) of the CRR. Trade exposures also include the collateral posted by clients and clearing members to CCPs.</p> <p>For large exposure purposes, trade exposures, including those arising from posted collateral, are exempted from the application of Article 395(1) of the CRR in accordance with Article 400(1)(j).</p> <p>For solvency purposes - when clients calculate the own funds requirements for trade exposures, and provided the conditions set out in Article 305(2) of the CRR are met, the exposure value of assets posted as collateral may be reduced to zero in accordance with Article 306(2), provided that these assets are bankruptcy remote in the event of the CCP, clearing member or any other clients of the clearing members defaulting.</p>
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_474

European Banking Authority, 27/06/2022
www.eba.europa.eu