

Single Rulebook Q&A

Question ID	2013_492
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - Large Exposures
Article	394
Paragraph	2
Subparagraph	a-e
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Regulation (EU) No 680/2014 - ITS on supervisory reporting of institutions (as amended)
Article/Paragraph	n/a
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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	Definition of a group of connected clients as 'institution' or 'unregulated financial entity'
Question	How shall a group of connected clients be defined as 'institution' or 'unregulated financial entity'?
Background on the question	The general approach of the Large Exposures reporting is to consider groups of connected clients. Also the Annex IX of EBA Final draft ITS on supervisory reporting under Regulation (EU) No 575/2013, Part II 1. (5), regarding the reporting of the 10 largest exposures to institutions and 10 largest exposures to unregulated financial entities, refers to template LE2, which shall be used to report individual clients or groups of connected clients. Usually a group of connected clients does not consist of only 'institutions' or only 'unregulated financial entities'. A group of connected clients may have only one member that is an 'institution' or an 'unregulated financial entity', or several such members or both of them.

<p>Final answer</p>	<p>As a precautionary general statement regarding the use of the templates LE 1-5, it is clarified that, according to Annex IX of the <u>Regulation (EU) No 680/2014</u> 13 ITS on supervisory reporting of institutionsITS on supervisory reporting under Regulation (EU) No 575/2013, Part II 1. (5), in order to report information on the 10 largest exposures to institutions as well as on the 10 largest exposures to unregulated financial entities according to Article 394(2), points (a) to (d) of Regulation (EU) No 575/2013 on a consolidated basis, the parent institutions in a Member State shall use templates LE1, LE2 and LE3. For the reporting of the maturity structure of these exposures according to point (e) of Article 394(2) of Regulation (EU) No 575/2013, the parent institutions in a Member State shall use templates LE4 and LE5.</p> <p>On the identification of counterparties the Instructions say that the code of the counterparty (column 010) reported for a group of connected clients, shall be the code of the parent company. When the group of connected clients does not have a parent, the code that shall be reported shall be the code of the individual entity which is considered by the institution as the most significant within the group of connected clients. By analogy, regarding the type of counterparty (column 070) a group of connected clients shall qualify as 'institution' or 'unregulated financial entity' if the parent company is an 'institution' or 'unregulated financial entity'. In case there is no parent company, the individual entity which is considered by the institution as the most significant within the group of connected clients shall be decisive for the classification. As concerns templates LE3 and LE5, the details of the exposures to individual clients within the groups of connected clients shall be given for each individual client of the respective group and not only for members of the group that qualify as 'institutions' or 'unregulated financial entities'.</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_492</p>