

Question ID	2013_692
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Market risk
Article	382
Paragraph	1
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Not applicable
Article/Paragraph	NA
Date of submission	23/12/2013
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Disclose name of institution / entity	Yes
Name of institution / submitter	AFME - Association for Financial Markets in Europe
Country of incorporation / residence	UK
Type of submitter	Industry association
Subject matter	CVA for client exposures
Question	Are exchange traded derivatives (ETDs) in scope in terms of CVA applicability?
Background on the question	AFME has observed divergent interpretations within industry regarding CVA treatment of exposures relating to ETDs. Per Article 382(1) of Regulation (EU) No 575/2013 (CRR), the requirement is for institutions to "calculate the own funds requirements for CVA risk for all OTC derivative instruments" (other than credit derivatives recognised to reduce risk-weighted exposure amounts for credit risk). It is not clear therefore whether ETDs are in scope.
Final answer	In accordance with Article 382(1) of Regulation (EU) No. 575/2013, the CVA charge is intended specifically to capture all OTC derivative instruments. Thus ETDs are excluded from the scope.

Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_692
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European Banking Authority, 29/05/2023

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