

Question ID	2014_984
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - Large Exposures
Article	394
Paragraph	-
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Regulation (EU) No 680/2014 - ITS on supervisory reporting of institutions (repealed)
Article/Paragraph	ANNEX IX - article 14
Date of submission	21/03/2014
Published as Final Q&A	16/01/2015
Disclose name of institution / entity	No
Type of submitter	Individual
Subject matter	Treatment of Exposures to 'Civil-law associations'
Question	In case of exposures to 2 different partners belonging to a group of connected clients (A). and belonging at the same time to a civil law association (B), as required by the ITS, the exposure to the civil law shall be added to the exposure of each partner. In our example, do we have to add the total civil law exposure (B) (in case we cannot define the pro-quota) to both partners? In this case, when considering the exposure to the group (A) - in the template LE2 - we take two times the same exposure to the civil law.
Background on the question	Exposures to 'Civil-law associations' shall be reported. In addition, institutions shall add the credit amounts of the civil-law association to the indebtedness of each partner. Exposures towards civil law associations featuring quotas shall be divided or allocated to the partners according to their respective quotas. Certain constructions (e.g. joint accounts, communities of heirs, straw-man loans) working in fact civil law associations have to be reported just like them.
Final answer	Annex IX (paragraph 14) of Regulation (EU) No 680/2014 13 ITS on Supervisory Reporting of institutions (ITS) clearly states that exposures to civil-law associations themselves shall be reported and that, additionally,

these exposure amounts shall be allocated to each partner, according to his liability. In order to correctly assess the exposure on the level of the individual client, the exposure amounts resulting from a joint liability shall be allocated to each partner, irrespective of whether he belongs to a group of connected clients or not.

However, when a civil-law association and/or one or more of its partners belong to the same group of connected clients, the reporting institution shall ensure that the respective amount is counted only once so that the exposure of the group of connected clients will not be overestimated.

Example:

Civil-law association B = Client X and Client Y

Group of connected clients A = Civil-law association B, Client X and Client Y

Exposure:

Client X: 50, Client Y: 60, Civil-law association B: 30

Reporting :

LE 2 :

Group of connected clients A : 140

LE 3 :

Client X : 80

Client Y : 90

Civil-law association B : 30

Link

https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2014_984