

Single Rulebook Q&A

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| Question ID | 2015_2054 |
| Status | Final Q&A |
| Legal act | Regulation (EU) No 575/2013 (CRR) |
| Topic | Market risk |
| Article | 4 |
| Paragraph | 1 |
| Subparagraph | 85 |
| COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations | Not applicable |
| 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 | Other |
| Subject matter | Client servicing in the definition of the trading book |
| Question | According to Article 4(1)(85) and (86) of Regulation (EU) No 575/2013 CRR, are all proprietary positions and all positions arising from client servicing and market making trading book positions, irrespective if they are held for short term or not? |
| Background on the question | It is not clear if the scope of the trading book according to Article 11 of Directive 2006/49/EC (CAD) - abrogated by Directive 2013/36/UE - is the same as the scope of the trading book according to Article 4(1) (85 and 86) Capital Requirements Regulation (CRR).The wording of Article 4(1)(85) and (86) CRR could suggest a wider scope of the trading book than it was under the CAD. In particular, one could think that Article 4(1)(85 and 86) CRR makes all proprietary positions and all positions arising from client servicing and market making trading book positions - no matter if they are held for trading or not. Article 11 CAD was instead more precise and its wording |

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| | <p>made very clear that proprietary positions and positions arising from client servicing and market making are trading book positions only if they are held for trading, i.e. if they are held with the intention "to be resold short term" or with the intention "to benefit from actual or expected short-term price differences between buying and selling prices or from other price or interest rate variations".</p> |
| Final answer | <p>For the purpose of own fund requirements calculations, the 'trading book' is defined in Article 4(1)(86) of Regulation (EU) No 575/2013 (CRR) as all positions in financial instruments and commodities held by an institution either with trading intent, or in order to hedge positions held with trading intent.</p> <p>Moreover, Article 4(1)(85) CRR states that positions held with trading intent' means any of the following: a) proprietary positions and positions arising from client servicing and market making, b) positions intended to be resold short term, c) positions intended to benefit from actual or expected short term price differences between buying and selling prices or from other price or interest rate variations.</p> <p>These definitions imply that any instrument quoted in Article 4(1)(85) CRR is to be considered as a trading book position.</p> |
| Link | <p>https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2015_2054</p> |

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