



**Single
Rulebook
Q&A**

Question ID	2017_3414
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - COREP (incl. IP Losses)
Article	99
Paragraph	1
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Regulation (EU) No 680/2014 - ITS on supervisory reporting of institutions (as amended)
Article/Paragraph	Validation rule e4902_n
Date of submission	21/07/2017
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Disclose name of institution / entity	Yes
Name of institution / submitter	SAS Research and Development India Pvt. Ltd.
Country of incorporation / residence	India
Type of submitter	Other
Subject matter	Validation rule (taxonomy 2.6) e4902_n about the risk weighted exposure for Equity in CR SA
Question	Where shall equity exposures treated according to Articles 48(4), 471(2) and 495 (1) CRR be reported in COREP CR SA (C 07.00)?

<p>Background on the question</p>	<p>According to the formula e4902_n, the possible risk weights for the exposure class 'equity' in template C 07.00 are 100%; 250%; 1250%.As per CRR Article 133(3) CRR, investments in equity attracting a 250% risk weight under Article 48(4) CRR should not be classified as equity claims. But the validation rule e4902_n says the row 250 for 250% RW bucket can be non-empty for equity sheet 016 which indicates that these exposures should be reported in equity sheet. So, where are equity exposures attracting a risk weight of 250% according to Article 48 (4) be reported?As per Article 471(2) CRR, the equity holdings in insurance companies which are not deducted pursuant to paragraph 1 shall qualify as exposures and be risk weighted at 370%. But there is no specific instruction on where these exposures should be reported. The validation rule e4902_n says row 260 for 370% RW should be empty for sheet 016 of equity.[modified, from Q 3395]: A risk weight of 150% (row 240) is used in the legal framework of Article 495 (1) CRR which enables competent authorities to exempt certain categories of equity exposures from the IRB treatment until 31/12/2017. If this exemption is granted to an institution, the validation rule will be not respected. Should row 240 be excluded from this validation rule?</p>
<p>EBA answer</p>	<p><u>Question 1</u></p> <p>For the purposes of reporting in accordance with Regulation (EU) No 680/2014 (ITS on Supervisory Reporting), the following shall apply:</p> <p>First of all, equity exposures treated according to Article 48(4) of Regulation (EU) No 575/2013 (CRR) are exposures to financial sector entities.</p> <p>The definition of a financial sector entity is provided in article 4 (1) point 27 CRR and includes both institutions and other kinds of counterparties.</p> <p>Secondly, Article 133(3) CRR refers to investments in equity or regulatory capital instruments, issued by institutions (i.e. equity claims) and it excludes from its scope, among others, the exposures treated under Article 48(4) CRR. Therefore, these exposures are to be included in sheet 007 (institutions) of template C 07.00 of Annex I to Regulation (EU) No 680/2014 (ITS on Supervisory Reporting).</p> <p>Finally, the other equity exposures treated according to Article 48(4) CRR are in the scope of Article 133(1) of CRR and included in C 07.00, sheet 016 (equity exposures).</p> <p><u>Question 2</u></p> <p>Equity holdings in insurance companies that are not deducted, but risk weighted according to article 471(2) of CRR shall be assigned to template C 07.00, sheet 016, row 260 (370%). Validation rule e4902_n has been amended accordingly.</p>

	<p><u>Question 3</u></p> <p>Art. 495 (1) CRR was applicable until the end of 2017.</p>
Link	<p>https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2017_3414</p>

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