ANNEX II

**REPORTING ON OWN FUNDS REQUIREMENTS**

1. This Annex contains additional instructions for the tables (hereinafter “COREP”) included in Annex I of this Regulation. This Annex complements the instructions in format of references included in the tables in Annex I.
2. Table of Contents

## PART I: GENERAL INSTRUCTIONS

1. Structure and conventions
   1. Structure
2. Overall, the framework consists of five blocks of templates:

1. Capital adequacy, an overview of regulatory capital; total risk exposure amount; and, in the case of consolidated groups, an overview of the fulfilment of the solvency requirements by consolidated and individual entities;

Information related to the application of different approaches for the assessment of Pillar I capital requirements for:

2. Credit risk (including counterparty, dilution and settlement risks);

3. Market risk (i.e. position risk in trading book, foreign exchange risk and commodities risk);

4. Operational risk;

1. For each template legal references are provided. Further detailed information regarding more general aspects of the reporting of each block of templates, instructions concerning specific positions as well as examples and validation rules are included in these Guidelines for implementation of the Common Reporting framework.
2. Institutions report only those templates that are relevant depending on the approach used for determining own funds requirements.

Explanatory text for consultation purposes:

E.g. in case an institutions holds securitisation positions and the institution calculates the risk-weighted exposure amounts under the IRB Approach according to Part 3 Title II chapter 5, section 3, subsection 4 of CRR, then only the templates CR SEC IRB and SEC Details shall be reported, but not CR SEC SA.

* 1. Numbering convention

1. The document will follow the labelling convention set in the following table, when referring to the columns, rows and cells of the templates. These numerical codes are extensively used in the validation rules.
2. The following general notation is followed in the instructions: {Template;Row;Column}.

Explanatory text for consultation purposes:

For example: {CRSA;010;020} refers to the data point row 010, column 020 of CRSA template.

1. In the case of validations inside a template, in which only data points of that template is used, notations will not refer to a template: {Row;Column}.
2. In the case of templates with only one column, only rows will be referred to. {Template;Row}

Explanatory text for consultation purposes:

For example: {CA2;010} refers to the row 010 of CA2.

1. An asterisk sign will be used to express that the validation is done for the rows or columns specified before.

Explanatory text for consultation purposes:

For example: “For columns 010 to 050, {CRSA;010;\*}”means row 010 of CRSA, for the columns 010 to 050.

* 1. Sign convention

1. Any amount that increases the own funds or the capital requirements will be reported as a positive figure. On the contrary, any amount that reduces the total own funds or the capital requirements will be reported as a negative figure. Where there is a negative sign (-) preceding the label of an item no positive figure is expected to be reported for that item.

## PART II: TEMPLATE RELATED INSTRUCTIONS

* 1. CR SETT – Settlement/Delivery Risk
     1. General remarks

1. This template requests information on both trading and non-trading book transactions which are unsettled after their due delivery dates, and their corresponding own funds requirements for settlement risk according to Articles 87(3) Point c) ii) and 368 of CRR.
2. Institutions report in the CR SETT template information on the settlement/delivery risk in connection with debt instruments, equities, foreign currencies and commodities held in their trading or non-trading book.
3. According to Article 368 of CRR, repurchase transactions, securities or commodities lending and securities or commodities borrowing in connection with debt instruments, equities, foreign currencies and commodities are not subject to settlement/delivery risk. Note however that, derivatives and long settlement transactions unsettled after their due delivery dates are nevertheless subject to own funds requirements for settlement/delivery risk as determined in Article 368 of CRR.
4. In the case of unsettled transactions after the due delivery date, institutions calculate the price difference to which they are exposed. This is the difference between the agreed settlement price for the debt instrument, equity, foreign currency or commodity in question and its current market value, where the difference could involve a loss for the institution.
5. Institutions multiply this difference by the appropriate factor of Table 1 of Article 368 of CRR to determine the corresponding own funds requirements.
6. According to Article 87(4) Point (b), the own funds requirements for settlement/delivery risk shall be multiplied by 12.5.
7. Note that own funds requirements for free deliveries as laid down in Article 369 of CRR are not within the scope of the CR SETT template; the latter shall be reported in the credit risk templates (CR SA, CR IRB…).
   * 1. Instructions concerning specific positions

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| **Columns** | |
| 010 | UNSETTLED TRANSACTIONS AT SETTLEMENT PRICE  In accordance with Article 368 of CRR, institutions report in column 010 the unsettled transactions after their due delivery date at the respective agreed settlement prices.  *All unsettled transactions* have to be included in column 010, irrespective of whether or not they are at a gain or at a loss after the due settlement date. |
| 020 | PRICE DIFFERENCE EXPOSURE DUE TO UNSETTLED TRANSACTIONS  In accordance with Article 368 of CRR, institutions report in column 020 the price difference between the agreed settlement price and its current market value for the debt instrument, equity, foreign currency or commodity in question, *where the difference could involve a loss for the institution*.  Only *unsettled transactions at a loss* after the due settlement date have to be reported in column 020 |
| 030 | OWN FUNDS REQUIREMENTS  Institutions report in column 030 the own funds requirements calculated in accordance with Article 368 of CRR. |
| 040 | TOTAL SETTLEMENT RISK EXPOSURE AMOUNT  In accordance with Article 87(4) point (b) of CRR, institutions multiply their own funds requirements reported in column 030 by 12.5 in order to obtain the settlement risk exposure amount. |

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| **Rows** | |
| 010 | Total unsettled transactions in the Non-trading Book  Institutions report in row 010 aggregated information in relation with settlement/delivery risk for non-trading book positions (in accordance with Articles 87(3) Point c) ii) and 368 of CRR).  Institutions report in 010/010 the aggregated sum of unsettled transactions after their due delivery dates at the respective agreed settlement prices.  Institutions report in 010/020 the aggregated information for price difference exposure due to unsettled transactions at a loss.  Institutions report in 010/030 the aggregated own funds requirements derived summing the own funds requirements for unsettled transactions by multiplying the “price difference” reported in column 020 by the appropriate factor based on the number of working days after due settlement date (categories referred to in Table 1 of Article 368 of CRR). |
| 020 to 060 | Transactions unsettled up to 4 days (Factor 0%)  Transactions unsettled between 5 and 15 days (Factor 8%)  Transactions unsettled between 16 and 30 days (Factor 50 %)  Transactions unsettled between 31 and 45 days (Factor 75%)  Transactions unsettled for 46 days or more (Factor 100%)  Institutions report the information in relation with settlement/delivery risk for non-trading book positions according to the categories referred to in Table 1 of Article 368 of CRR in rows 020 to 060.  No own funds requirements for settlement/delivery risk are required for transactions unsettled less than 5 working days after the due settlement date. |
| 070 | Total unsettled transactions in the Trading Book  Institutions report in row 070 aggregated information in relation with settlement/delivery risk for trading book positions (in accordance with Articles 87(3) Point c) ii) and 368 of CRR).  Institutions report in 070/010 the aggregated sum of unsettled transactions after their due delivery dates at the respective agreed settlement prices.  Institutions report in 070/020 the aggregated information for price difference exposure due to unsettled transactions at a loss.  Institutions report in 070/030 the aggregated own funds requirements derived summing the own funds requirements for unsettled transactions by multiplying the “price difference” reported in column 020 by an appropriate factor based on the number of working days after due settlement date (categories referred to in Table 1 of Article 368 of CRR). |
| 080 to 120 | Transactions unsettled up to 4 days (Factor 0%)  Transactions unsettled between 5 and 15 days (Factor 8%)  Transactions unsettled between 16 and 30 days (Factor 50 %)  Transactions unsettled between 31 and 45 days (Factor 75%)  Transactions unsettled for 46 days or more (Factor 100%)  Institutions report the information in relation with settlement/delivery risk for trading book positions according to the categories referred to in Table 1 of Article 368 of CRR in rows 080 to 120.  No own funds requirements for settlement/delivery risk are required for transactions unsettled less than 5 working days after the due settlement date. |