**ANNEX XXX – Market risk standardized and internal approach disclosure tables and templates: Instructions**

1. This annex includes the instructions that institutions shall follow when disclosing the information referred to in Articles 435, 445 and 455 of Regulation (EU) 575/2013[[1]](#footnote-2) (“CRR”) to complete the market risk disclosure tables and templates which are presented in Annex XXIX to this Implementing Regulation.

**Table EU MRA** **- Qualitative disclosure requirements related to market risk:** Free format text boxes.

1. Institutions shall disclose the information referred to in Article 435(1), points (a) to (d) of the Regulation (EU) 575/2013 with regards to market risk by following the instructions provided below in this Annex to complete table EU MRA which is presented in Annex XXIX.

|  |  |
| --- | --- |
| **Legal references and instructions** | |
| **Row number** | **Explanation** |
| (a) | When disclosing information referred to in Article 435 (1), points (a) and (d) of the Regulation (EU) 575/2013 on the risk management objectives and policies to manage market risk, institutions shall include:   * an explanation of their management’s strategic objectives in undertaking trading activities; * a description of the policies referred to in Article 104 (1) for determining which position is to be included in the trading book, including the definition of stale positions and the risk management policies for monitoring those positions. In addition, institutions shall describe cases where instruments are assigned to the trading or banking book contrary to the general presumptions of their instrument category, including their market and fair value of such cases as well as any reclassification from one book to the other since the last reporting period, including the fair value of such cases and the reason for the reclassification; * a description of internal risk transfer activities, including the types of internal risk transfer desk; * the policies for hedging and mitigating risk; * the processes implemented to identify, measure, monitor and control the institution’s market risks; * strategies and processes for monitoring the continuing effectiveness of hedges. |
| (b) | When disclosing information referred to in Article 435 (1), point (b) of the Regulation (EU) 575/2013 on the structure and organisation of the market risk management function, institutions shall include:   * a description of the market risk governance structure established to implement the strategies and processes of the institutions discussed in row (a) above, * a description of the relationships and the communication mechanisms between the different parties involved in market risk management. |
| (c) | When disclosing information referred to in Article 435 (1), point (c) of the Regulation (EU) 575/2013 on the scope and nature of market risk reporting and measurement systems, institutions shall provide a description of the scope and nature of market risk reporting and the measurement systems. |
| (EU d) | When disclosing information referred to in Article 445 (1) of the Regulation (EU) 575/2013 on a general overview of the trading book positions, institutions shall provide a high-level description of their trading book positions. |

**Template EU MR1 - Market risk under the alternative standardised approach (ASA)**: fixed format

1. Institutions shall disclose the information referred to in Article 445 Regulation (EU) 575/2013 by following the instructions provided below in this Annex to complete template EU MR1 which is presented in Annex XXIX. Institutions shall not include any data on their Internal Risk transfer (IRT) desk in this template.

|  |  |
| --- | --- |
| **Legal references and instructions** | |
| **Row number** | **Explanation** |
|  | **Sensitivity based method.**  in accordance with Part Three Title IV, Chapter 1a, Section 2 of Regulation (EU) No 575/2013. |
| 1 | **General interest rate risk (GIRR)**  according to Article325c(2), point 2(a) and Article 325d(1), point (i), of Regulation (EU) No 575/2013. |
| 2 | **Equity risk (EQU)**  according to Article 325c, point 2(a) and Article 325d(1) , point (v), of Regulation (EU) No 575/2013. |
| 3 | **Commodity risk (COM)**  according to Article 325c, point 2(a) and Article 325d(1) , point (vi), of Regulation (EU) No 575/2013. |
| 4 | **Foreign exchange risk (FX)**  according to Article 325c, point 2(a) and Article 325d(1) , point (vii), of Regulation (EU) No 575/2013. |
| 5 | **Credit spread risk for non–securitisations (CSR)**  according to Article 325c, point 2(a) and Article 325d(1), point (ii), of Regulation (EU) No 575/2013. |
| 6 | **Credit spread risk for securitisation not included in the alternative correlation trading portfolio (non–ACTP CSR)**  according to Article 325c, point 2(a) and Article 325d(1), point (iii), of Regulation (EU) No 575/2013. |
| 7 | **Credit spread risk for securitisation included in the alternative correlation trading portfolio (ACTP CSR)**  according to Article 325c, point 2(a) and Article 325d(1) , point (iv), of Regulation (EU) No 575/2013. |
|  | **Default risk**  in accordance with Part Three, Title IV, Chapter 1a, Section 5 of Regulation (EU) No 575/2013. |
| 8 | **Non–securitisations**  according to Article 325c, point 2(b) and Part Three, Title IV, Chapter 1a, Section 5, Subsection 1 of Regulation (EU) No 575/2013. |
| 9 | **Securitisation not included in the alternative correlation trading portfolio (non–ACTP)**  according to Article 325c, point 2(b) and Part Three, Title IV, Chapter 1a, Section 5, Subsection 2 of Regulation (EU) No 575/2013. |
| 10 | **Securitisation included in the alternative correlation trading portfolio (ACTP)**  according to Article 325c, point 2(b) and Part Three, Title IV, Chapter 1a, Section 5, Subsection 3 of Regulation (EU) No 575/2013. |
|  | **Residual risk**  Part Three, Title IV, Chapter 1a, Section 4 of Regulation (EU) No 575/2013. |
| EU 11a | **Exotic underlyings**  according to Article 325c, point 2(c) and Article 325u(2), point (a), of Regulation (EU) No 575/2013. |
| EU 11b | **Other residual risks**  according to Article 325c,point 2(c) and Article 325u(2), point (b), of Regulation (EU) No 575/2013. |
| 12 | **Total Own Funds Requirements (OFR)** |
| **Column letter** | **Explanation** |
|  | **Total Own Funds Requirements (OFR)** |
| a | Disclosure of own funds requirements referred to in Article 438 , point (d) of Regulation (EU) 575/2013, computed as the simple sum of amounts above in rows 1 to EU 11b. |

**Table EU MRB: Qualitative disclosure requirements for institutions using the alternative internal model approach**: free text format.

1. Institutions shall disclose the information referred to in Article 455, points (a), (b), (c), (d), (e) and (f) of Regulation (EU) 575/2013 by following the instructions provided below in this Annex to complete table EU MRB which is presented in Annex XXIX.

|  |  |
| --- | --- |
| **Legal references and instructions** | |
| **Row number** | **Explanation** |
|  | When disclosing information referred to in Article 455, point (1a) of the Regulation (EU) 575/2013 on the alternative internal models for market risk, institutions shall include: |
| **EU (a)** | the institution’s objectives in undertaking trading activities, and the processes implemented to identify, measure, monitor and control the institution’s market risks. This information can be provided by making a cross-reference to table EU MRA |
| **EU (b)** | the policies referred to in Article 104(1) for determining which position is to be included in the trading book. This information can be provided by making cross-reference to table EU MR A; |
| **EU (c)** | the structure and organisation of the market risk management function and governance; |
| (A) (B) General description of the trading desk structure and types of instruments included in the AIMA trading desk in accordance with Article 455 (1), points (c), (d) of the Regulation (EU) 575/2013. | |
| **B (a)** | When disclosing information referred to in Article 455 (1), point (c) of the Regulation (EU) 575/2013, institutions shall provide a general description of the structure of the trading desks covered by the internal models referred to in Article 325az, including for each desk a broad description of the desk's business strategy, the instruments permitted therein and the main risk types in relation to that desk; |
| When disclosing information referred to in Article 455(1), point (d) of the Regulation (EU) 575/2013, institutions shall provide a general overview of the trading book positions not covered by the internal models referred to in Article 325az, including a general description of the desk structure and of type of instruments included in the desks or in the desks categories in accordance with Article 104b; |
| B) C) E) Description of the main characteristics of the models used at the consolidated level, including the approaches used in the validation of the models and modelling processes. | |
| **B (b) (c) (d) (e)** | When disclosing information referred to in Article 455(1), point (f)(i) of the Regulation (EU) 575/2013, institutions shall provide: the scope, the main characteristics and the key modelling choices of the different internal models referred to in Article 325az of the Regulation (EU) 575/2013 ed to calculate the risk exposure amounts for the main models used at the consolidated level, and a description to what extent those internal models represent all the models used at the consolidated level, including where applicable: (i) a broad description of the modelling approach used to calculate the expected shortfall referred to in Article 325ba(1), point (a) of the Regulation (EU) 575/2013, including the frequency of data update. |
| **C (a)** | When disclosing information referred to in Article 455(1), point (f)(ii) of the Regulation (EU) 575/2013, institutions shall include, where applicable: a broad description of the methodology used to calculate the stress scenario risk measure referred to in Article 325ba(1), point (b) of the Regulation (EU) 575/2013ther than the specifications provided for in Article 325bk(3) of the Regulation (EU) 575/2013. |
| D) Description of internal models to calculate the default risk charge | |
| 1. **(b)** | When disclosing information referred to in Article 455(1), point (f) (iii) of the Regulation (EU) 575/2013, institutions shall include, where applicable: a broad description of the modelling approach used to calculate the default risk charge referred to in Article 325ba(2) of the Regulation (EU) 575/2013 including the frequency of data update. |

**Template EU MR2 - Market risk under the alternative internal model approach (AIMA):** fixed format

1. Institutions shall disclose the information referred to point (2) of Article 455 Regulation (EU) 575/2013 by following the instructions provided below in this Annex to complete template EU MR2 which is presented in Annex XXIX. Institutions shall not include any data on their Internal Risk transfer (IRT) desk in this template.

|  |  |
| --- | --- |
| **Legal references and instructions** | |
| **Row number** | **Explanation** |
| 1 | **Unconstrained expected shortfall measure (UESt)**  The value disclosed shall be calculated at the level of the overall portfolio and not at the level of a broad category of risk according to Articles 325bb and 325bc Regulation (EU) 575/2013. |
| 2 | **Unconstrained expected shortfall measure for the risk factor category interest rate**  The value disclosed shall be calculated for the risk factors of the interest rate risk category according to Articles 325bb, 325bc and 325bd Regulation (EU) 575/2013. |
| 3 | **Unconstrained expected shortfall measure for the risk factor category equity**  The value disclosed shall be calculated for the risk factors of equity risk category according to Articles 325bb, 325bc and 325bd Regulation (EU) 575/2013. |
| 4 | **Unconstrained expected shortfall measure for the risk factor category commodity**  T  The value disclosed shall be calculated for the risk factors of the commodity risk category according to Articles 325bb, 325bc and 325bd Regulation (EU) 575/2013 |
| 5 | **Unconstrained expected shortfall measure for the risk factor category foreign exchange**  The value disclosed shall be calculated for the risk factors of the foreign exchange risk category according to Articles 325bb, 325bc and 325bd Regulation (EU) 575/2013 |
| 6 | **Unconstrained expected shortfall measure for the risk factor category credit spread**  The value disclosed shall be calculated for the risk factors of the credit spread risk category according to Articles 325bb, 325bc and 325bd Regulation (EU) 575/2013. |
| 7 | **Sum of unconstrained expected shortfall measure for broad risk factor categories** (∑UESit)[Sum of 2 to 6] |
| 8 | **Expected shortfall measure (ESt)**  The expected shortfall risk measure shall be calculated in accordance with Article 325ba(1), point (a)(i) Regulation (EU) 575/2013. |
| 9 | **Stress scenario risk measure (SSt)**  The stress scenario risk measure shall be calculated in accordance with Article 325ba(1), point (a)(ii) Regulation (EU) 575/2013 |
| 10 | **Default risk charge (DRCt)**  The default risk charge shall be calculated in accordance with 325ba(2), point (a) Regulation (EU) 575/2013 |
| 11 | **PLAaddon**  This value shall be calculated in accordance with Article 325ba(3) of Regulation (EU) No 575/2013 in conjunction with Article 10(1) of Regulation (EU) 2022/2059 |
| 12 | **OFR for on- and off-balance sheet business plus PLAaddon (AIMA + PLAaddon)**  This value shall be calculated in accordance with Article 10(1) of Regulation (EU) 2022/2059. The value of row 11 shall be added. |
| 13 | **Total ASA OFR for trading desks ineligible to use the AIMA (ASAnon-aima)**  This value shall be calculated as set out in Article 325ba(3) of Regulation (EU) No 575/2013 |
| 14 | **Difference in OFR under the AIMA and ASA for AIMA trading desks (AIMA-ASAaima)**  This value shall be calculated as the difference between AIMA own funds requirements for AIMA desks (Article 10(1) of Regulation (EU) 2022/2059) and the value of ASA own funds requirements for all AIMA desks (portfolio view) (Article 10(1) of Regulation (EU) 2022/2059) |
| 15 | **ASA OFR for all trading desks (including those subject to AIMA) (ASAall portfolio)**  This value shall be calculated as set out in Article 325ba(3) of Regulation (EU) No 575/2013 |
| 16 | **Total own funds requirments AIMA (TotalAIMA)**  This value shall be calculated as set out in Article 325ba(3) of Regulation (EU) No 575/2013 |
| **Column letter** | **Explanation** |
| a | Disclosure of the most recent risk measure [row 1 to 10] or own funds requirement [row 11 to 16] at the current quarter |
| b | Mean value of the Risk measure [row 1 to 10] over the previous 60 business days [row 1 to 9] or over the previous 12 weeks [row 10] at the current quarter |
| c | Highest Risk measure over the previous 60 business days [row 1 to 6] at the current quarter |
| d | Lowest Risk measure over the previous 60 business days [row 1 to 6] at the current quarter |
| e | Number of back-testing overshootings [row 1]  The number of overshootings reported in this cell shall be the number used for the determination of the add-on in accordance with Table 3 of Article 325bf(6), point (b) of Regulation (EU) 575/2013. Overshootings that are excluded with the permission of the competent authority shall not be included. |
| f | Most recent risk measure [row 1 to 10] or own funds requirement [row 11 to 16] at the previous quarter |
| g | Mean value of the Risk measure [row 1 to 10] over the previous 60 business day [row 1 to 9] or over the previous 12 weeks [row 10] at the previous quarter |

**Template EU MR 3 - Market risk under the simplified standardised approach (SSA)**: fixed format

1. Institutions shall disclose the information referred to in Article 445 Regulation (EU) 575/2013 by following the instructions provided below in this Annex to complete template EU MR 3 which is presented in Annex XXIX.

|  |  |
| --- | --- |
| **Legal references and instructions** | |
| **Row number** | **Explanation** |
|  |  |
| 1 | **Interest rate risk (general and specific)**  General and specific risk of positions in traded debt instruments in the trading book, in accordance with Chapter 2 of Title IV of Part Three Regulation (EU) 575/2013, excluding specific risk related to securitisation |
| 2 | **Equity risk (general and specific)**  General and specific risk of positions in equities in the trading book, in accordance with Chapter 2 of Title IV of Part Three Regulation (EU) 575/2013 |
| 3 | **Commodity risk**  Risk of positions in commodities in accordance with Chapter 4 of Title IV of Part Three Regulation (EU) 575/2013. |
| 4 | **Foreign exchange risk**  Risk of positions in foreign exchange in accordance with Chapter 3 of Title IV of Part Three Regulation (EU) 575/2013 |
| 5 | **Securitisation (specific risk)**  Specific risk of securitisation positions in the trading book in accordance with in Articles 337 and 338 of Chapter 2 of Title IV of Part Three Regulation (EU) 575/2013. |
| 6 | **Total OFR S-SA**  Disclosure of own funds requirements referred to in Article 438, point (d) of Regulation (EU) 575/2013, computed as the simple sum of amounts in the above rows 1 to 5. |
| **Column letter** | **Explanation** |
|  | **Outright products** |
| a | Positions in products that are not optional and are not included in the approaches of the RTS for non-delta risk of options in the standardised market risk approach[[2]](#footnote-3) |
|  | **Options** |
| b | **Simplified approach**  Options or warrants as defined in Article 329 (3) of Chapter 2 of Title IV of Part Three Regulation (EU) 575/2013 for which institutions calculate the own funds requirements related to the non-delta risk using the simplified approach[[3]](#footnote-4) |
| c | **Delta plus approach**  Options or warrants in the trading book as defined in Article 329 (3) of Chapter 2 of Title IV of Part Three Regulation (EU) 575/2013 for which institutions calculate the own funds requirements related to the non-delta risk using the delta plus approach[[4]](#footnote-5). |
| d | **Scenario approach**  Options or warrants in the trading book as defined in Article 329 (3) of Chapter 2 of Title IV of Part Three Regulation (EU) 575/2013 for which institutions calculate the own funds requirements related to the non-delta risk using the scenario approach[[5]](#footnote-6). |

1. Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 ([OJ L 176, 27.6.2013, p. 1](https://eur-lex.europa.eu/legal-content/EN/AUTO/?uri=OJ:L:2013:176:TOC)). [↑](#footnote-ref-2)
2. As defined in COMMISSION DELEGATED REGULATION (EU) No 528/2014 of 12 March 2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for non-delta risk of options in the standardised market risk approach (OJ L 148, 20.5.2014, p. 29). [↑](#footnote-ref-3)
3. As defined in COMMISSION DELEGATED REGULATION (EU) No 528/2014 of 12 March 2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for non-delta risk of options in the standardised market risk approach (OJ L 148, 20.5.2014, p. 29). [↑](#footnote-ref-4)
4. As defined in COMMISSION DELEGATED REGULATION (EU) No 528/2014 of 12 March 2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for non-delta risk of options in the standardised market risk approach (OJ L 148, 20.5.2014, p. 29). [↑](#footnote-ref-5)
5. As defined in COMMISSION DELEGATED REGULATION (EU) No 528/2014 of 12 March 2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for non-delta risk of options in the standardised market risk approach (OJ L 148, 20.5.2014, p. 29). [↑](#footnote-ref-6)