

EBA/ITS/2024/02

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11 January 2024

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# Final Report

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Draft Implementing Technical Standards

Amending Commission Implementing Regulation (EU) 2021/451  
with regard to reporting requirements for market risk and  
repealing Commission Implementing Regulation (EU) 2021/453

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# 1. Executive Summary

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1. Regulation (EU) 2019/876 ('CRR2') amending Regulation (EU) No 575/2013 ('CRR') introduced the Fundamental Review of the Trading Book (FRTB), developed by the Basel Committee on Banking Supervision (BCBS), into the prudential framework of the EU. Despite not yet being binding in terms of own funds requirements, the FRTB was implemented by means of a reporting requirement, constituting the first step towards the full implementation of the FRTB in the EU.
2. Article 430b CRR mandates the EBA to specify the details of the reporting on the own funds requirements calculated in accordance with the FRTB. The Implementing Technical Standards on specific reporting requirements for market risk (or 'ITS on FRTB reporting')<sup>1</sup> have been requiring institutions to submit high-level information on the size of their business subject to market risk and the own funds requirements calculated on the basis of the Alternative Standardised Approach for market risk (ASA) since 2021.
3. As the full implementation of the FRTB in the EU approaches, and with the aim to support institutions' preparation for it, these final draft amending ITS set out the frame and details for expanding the FRTB reporting framework. The amendments described in this final report complement the already existing reporting requirements with a comprehensive set of templates to capture details on the instruments and positions in scope of the ASA, as well as templates to capture summary and detailed information on the instruments and positions in scope of the alternative internal model approach (AIMA). As the ASA serves as a fallback-approach for calculating own funds requirements for AIMA desks, where the performance of the model is a matter of concern, institutions will also have to report details on the ASA own funds requirements for their AIMA desks.
4. The new reporting requirements regarding the ASA and the AIMA introduced through these amending ITS would effectively impact first and foremost the reporting by entities with sizeable business subject to market risk.
5. The CRR3 proposal provisionally agreed by the co-legislators<sup>2</sup> transfers the 'nominal' reporting obligation from Article 430b CRR to Article 430(2a) and (2b) CRR. The latter article will also be the basis for the reporting, once the FRTB becomes the binding framework for calculating own funds requirements. For this reason, all amendments set out in this final report will be included into Commission Implementing Regulation (EU) 2021/451 (ITS on Supervisory Reporting).

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<sup>1</sup> Adopted as Commission Implementing Regulation (EU) 2021/453 of 15 March 2021 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to the specific reporting requirements for market risk

<sup>2</sup> See 'Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor - Confirmation of the final compromise text with a view to agreement' here: [pdf \(europa.eu\)](https://www.europa.eu)

## Next steps

The draft amending implementing technical standards will be submitted to the Commission for endorsement before being published in the Official Journal of the European Union. The technical standards are expected to apply for the first time for the reporting as of 31 March 2025. The EBA will also develop the data-point model (DPM), XBRL taxonomy and validation rules based on the final draft ITS.

## 2. Background and rationale

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### 2.1 Background

6. Regulation (EU) 2019/876 ('CRR2') amending Regulation (EU) No 575/2013 ('CRR') introduced the Fundamental Review of the Trading Book (FRTB), developed by the Basel Committee on Banking Supervision (BCBS), into the prudential framework of the EU. Despite not yet being binding in terms of own funds requirements, the FRTB was implemented by means of a reporting requirement, constituting the first step towards the full implementation of the FRTB in the EU. The full implementation of the FRTB is approaching now, as the EU co-legislators are discussing and finalizing the amendments to the CRR in the context of the CRR3/CRD6-package<sup>3</sup>.
7. Article 430b CRR mandates the EBA to specify the details of the reporting on the (theoretical) own funds requirements calculated in accordance with the FRTB ('nominal' reporting). In response to this mandate, the EBA published the Final draft ITS on specific requirements for market risk<sup>4</sup> (or 'ITS on FRTB reporting') in 2020. Those ITS included a thresholds template, providing insights into the size of institutions' trading books and the volume of their business subject to market risk, and a summary template, reflecting the own funds requirements calculated on the basis of the Alternative Standardised Approach for market risk (ASA). The ITS adopted by the Commission as Commission Implementing Regulation (EU) 2021/453 have been in place, and the data provided through them in use, for roughly two years.
8. The EBA took a gradual approach to answering to the mandate of Article 430b CRR, mindful of the importance of expanding the reporting requirements resulting from the FRTB in a proportionate manner, as institutions continued to be subject to the current market risk framework and the associated reporting.
9. As the full implementation of the FRTB in the EU approaches, and with the aim to support institutions' preparation for it, this final report sets out the frame and details of the expansion of the FRTB reporting framework. The envisaged application date of the revised requirements is Q1 2025. All amendments included in this final report are drafted as amendments to Commission Implementing Regulation (EU) 2021/451 (ITS on Supervisory Reporting) (please see also section 2.3.1)

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<sup>3</sup> Political agreement on the EU banking package: [Commission welcomes political agreement on EU banking package \(europa.eu\)](https://ec.europa.eu/finance/press-releases/2019/08/20190828_eu_banking_package); Original Commission proposal: [https://finance.ec.europa.eu/publications/banking-package\\_en](https://finance.ec.europa.eu/publications/banking-package_en); Council General Approach: [Banking sector: Council agrees its position on the implementation of Basel III reforms - Consilium \(europa.eu\)](https://ec.europa.eu/finance/press-releases/2019/08/20190828_eu_banking_package); European Parliament's report: [REPORT on the proposal for a regulation of the European Parliament and of the Council amending Regulation \(EU\) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor | A9-0030/2023 | European Parliament \(europa.eu\)](https://www.europarl.europa.eu/media/default.do?inf=press&lang=en)

<sup>4</sup> <https://www.eba.europa.eu/regulation-and-policy/supervisory-reporting/draft-its-specific-reporting-requirements-market-risk#pane-new-ed8f3c99-9589-454a-a87e-37f2578a1783>

## 2.2 Overview of the reporting obligations

10. The table below shows an overview over the reporting of information on market risk (excluding counterparty credit risk and CVA) as well as on the trading book, when the amendments described in this final report are implemented.

	<b>'No significant trading entities'</b>	<b>'SSA entities'</b>	<b>'FRTB entities'</b>
Size of the trading book (Article 94 CRR)	<b>Small</b>	<b>Not small</b>	<b>Small</b> or <b>Not small</b> <sup>5</sup>
Size of the business subject to market risk (Article 325a CRR)	<b>'Non-sizeable'</b>	<b>'Non-sizeable'</b>	<b>'Sizeable'</b>
	↓	↓	↓
<b>Prudential framework applied to business subject to market risk</b>			
CRR2	Credit risk framework for positions to equity and interest rate risk, market risk framework for FX and commodities risk	Current SA and/or current IMA	Current SA and/or current IMA
CRR3 (with FRTB as binding framework for calculation of own funds requirements)	As under CRR2	Simplified Standardised approach (SSA) <sup>6</sup> (unless institution chooses to apply the ASA and/or AIMA)	ASA and/or AIMA
	↓	↓	↓
Future reporting on...			

<sup>5</sup> There are cases where institutions have a small trading book, but sizeable business subject to market risk (i.e. the institutions are not trading much, but have significant business subject to foreign exchange risk and/or commodities risk). Currently, those institutions are exempted from the reporting in accordance with Article 430b CRR, but they have to apply the FRTB approaches to their business activities subject to foreign exchange and commodities risk in accordance with the CRR3.

<sup>6</sup> If the entities decide to make use of the derogation of Article 325a CRR.

	‘No significant trading entities’	‘SSA entities’	‘FRTB entities’
... Trading book thresholds	Likely <sup>7</sup> <b>unchanged</b> compared to current requirement included in the ITS on FRTB reporting		
... own funds requirements for market risks	<b>Current / modified</b> versions of C 22.00, C 23.00	<b>Current / modified</b> versions of the templates C 18.00 to C 23.00	<b>Current / modified</b> versions of the templates C 18.00 to C 23.00 <sup>8</sup>  <b>Expanded</b> ASA and/or AIMA templates
... trading book boundary	<b>New templates</b> capturing <ul style="list-style-type: none"> <li>the boundary between the books</li> <li>reclassifications between books and the associated own funds requirements</li> </ul>		

11. The amendments described in this final report focus on the reporting requirements highlighted in grey above. The core of the reporting – the information on the application of the ASA and AIMA – effectively impacts, first and foremost, entities whose business subject to market risk exceeds the thresholds stipulated in Article 325a CRR. In accordance with the amendments to the CRR that are introduced by the provisionally agreed text of the CRR3, that will also include entities that only apply the ASA to their business subject to foreign exchange of commodities risk, which have been so far exempted from the obligation to report information on the own funds requirements according to the FRTB framework.

12. As illustrated above, the prudential framework for market risk includes several elements of proportionality. The reporting on the own funds requirements for market risk automatically reflects those elements embedded into the CRR (‘intrinsic proportionality’). In response to comments received during the public consultation, stating that the amount of information that has to be reported would disincentivise entities with smaller trading books to voluntarily move from the SSA to the ASA, entities that voluntarily apply the ASA are subject to lighter requirements (‘explicit proportionality’).

## 2.3 General considerations on the reporting

<sup>7</sup> Subject to verification against the final version of the CRR3

<sup>8</sup> Only until the FRTB becomes the binding framework for the calculation of own funds requirements

### 2.3.1 Migration from the ITS on FRTB reporting to the ITS on Supervisory Reporting

13. The ITS on FRTB reporting was originally created in response to the mandate of Article 430b CRR, and formally, most of the amendments included in this final report were originally presented as amendments to the ITS on FRTB reporting.
14. The CRR3 proposal provisionally agreed by the co-legislators<sup>9</sup> transfers the ‘nominal’ reporting obligation from Article 430b CRR to Article 430(2a) and (2b) CRR. The latter article, albeit different paragraphs of it, will also be the basis for the reporting, once the FRTB becomes the binding framework for calculating own funds requirements (‘compliance’ reporting).
15. The ITS drafted on the basis of Article 430 CRR are Commission Implementing Regulation (EU) 2021/451 (ITS on Supervisory Reporting). The content originally included in the ITS on FRTB reporting, as well as the new template and instructions presented in the consultation paper, are transferred to the ITS on Supervisory Reporting, so that the ITS on FRTB reporting can be repealed and all obligations on market risk can be found in one and the same legal act.
16. The amendments presented in this report comprise the following two sets of information:
- Information on the own funds requirement calculated under the ASA and AIMA and accompanying information;
  - Information on the size of the trading book and the business subject to market risk, as well as information on reclassifications of instruments between the trading and non-trading books (banking book).
17. The information to be provided on the ASA and the Alternative Internal Model Approach (AIMA), i.e. the templates and instructions for the ASA and AIMA reporting can be found in Annexes III and IV to this final report (becoming Annexes XXX and XXXI to the ITS on Supervisory Reporting).
18. Annexes I and II to this final report, entailing additions to Annexes I and II of the ITS on Supervisory reporting, include the ‘trading book thresholds’ template (C 90.00), originally included in the ITS on FRTB reporting and retained without changes, and the new template capturing reclassifications between books (‘MOV’ template, C 24.01). As regards the latter, an illustrative example explaining the ‘mechanics’ of the example is included in Annex VI to this final report.
19. In addition to these amendments, this final report also presents selected other amendments linked to the implementation of the FRTB approaches or the boundary rules revised by the CRR3. The formal proposal for including those amendments is currently under consultation (please see [EBA/CP/2023/39](#)), but given their conceptual link to the FRTB framework, the motivation behind their introduction and their design are explained in this final report.

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<sup>9</sup> See ‘Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor - Confirmation of the final compromise text with a view to agreement’ here: [pdf \(europa.eu\)](https://euba.europa.eu)



### 2.3.2 Prudential framework as a basis for the reporting

20. The core and major elements of the Basel Committee's FRTB were introduced by Regulation (EU) 2019/876 in the EU. Later, they were complemented by Commission Delegated Regulation (EU) 2021/424.

21. The CRR includes several mandates for the EBA to draft Regulatory Technical Standards (RTS) to detail the calculation of own funds requirements both on the basis of the ASA and on the basis of the AIMA. The EBA has been delivering those RTS in accordance with its roadmap for the new market and counterparty credit risk approaches<sup>10</sup>, and they were taken into account when developing the amendments presented in this final report. Among those RTS, the following ones are being explicitly referenced in the instructions:

- The RTS on the Residual Risk Add-on ([Regulation \(EU\) 2022/2328](#));
- The RTS on criteria for assessing the modellability of risk factors under the AIMA ([Regulation \(EU\) 2022/2060](#))<sup>11</sup>;
- The RTS on back-testing and profit and loss attribution requirements ([Regulation \(EU\) 2022/2059](#))<sup>11</sup>;
- The RTS on the capitalisation of non-modellable risk factors under the FRTB ('RTS on SSRM', adoption of the [final draft RTS submitted by the EBA](#) pending);

22. On 27 October 2021, the European Commission published a proposal for amendment to the CRR<sup>12</sup> regarding credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (CRR3 proposal or CRR3/CRD6-package). In November 2022, respectively February 2023, the Council<sup>13</sup> and the European Parliament<sup>14</sup> made their proposals for amendments to the CRR public. In the meantime, a provisional agreement on the CRR3 has been reached.

23. The amendments presented in this final report were originally developed on the basis of the Commission's proposal for the CRR3. They have been revised and refined to reflect provisional agreement, in the expectation that there would not be any substantive changes between the text of the provisional agreement and the adopted version of the CRR3. This, together with the

<sup>10</sup> <https://www.eba.europa.eu/sites/default/documents/files/documents/10180/2844544/ab272ad0-f256-4d70-9563-376e1d772feb/EBA%20roadmap%20for%20the%20new%20market%20and%20counterparty%20credit%20risk%20approaches.pdf>

<sup>11</sup> The CRR3 proposal includes mandates for the EBA to review these two RTS, as well as the RTS on the treatment of foreign exchange and commodity risk in the banking book (Regulation (EU) 2023/1577), to ensure that they fit with the provisions of the CRR3 (including using the same terminology as the CRR3). Should those mandates be kept in the final and adopted CRR3 text, the EBA expects that changes made as a result of the review will be limited. The explanations in this background and rationale use already the changed terminology, as it will be used by the CRR3.

<sup>12</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021PC0664>

<sup>13</sup> [Banking sector: Council agrees its position on the implementation of Basel III reforms - Consilium \(europa.eu\)](#)

<sup>14</sup> [Report on the proposal for a regulation of the European Parliament and of the Council amending Regulation \(EU\) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor](#)

postponement of the application date from September 2024 to March 2025, should ensure that the reporting requirements are consistent and aligned with the substantive provisions of CRR3 and can remain reasonably stable both in the context of the ‘nominal’ reporting prior to the application of the FRTB as binding framework for calculating own funds requirements and once that framework starts applying. Minor and less impactful changes may be made by the Commission as part of its adoption proceedings, while more significant or more impactful changes, including changes driven by the development of Level 2 legislation, would have to be reflected in a future amendment to the ITS.

### **2.3.3 Core design principles**

24. The design of the reporting templates reflects the process of calculating own funds requirements as closely as possible. This aims to contain and mitigate the cost of compliance with the reporting requirements. Additional information is requested, where it is considered necessary to facilitate the monitoring of risks that the institutions are exposed to. Additional breakdowns and information are mainly requested as regards positions subject to default risk covered by an institution’s internal default risk model, and aim to capture the key risk drivers.
25. The EBA continues to pursue the objective of integrating the reporting and disclosure requirements, started in response to the CRR2, i.e. it aims to ensure that the quantitative information, and standardisable qualitative information, that is to be made available by institutions to the public in accordance with Part Eight of the CRR, can be retrieved from data reported to competent authorities. The proposal for the detailed disclosures by entities applying the FRTB (for example, based on the amended Articles 445 and 455 CRR3) is currently subject to public consultation (see EBA/CP/2023/39). A mapping table published alongside that consultation highlights to which extent and how the to-be-disclosed data (mainly quantitative information) can be derived from the reporting templates presented in this final report.

### **2.3.4 Reporting frequency, submission deadlines and periodicity of data**

26. Both the FRTB standard issued by the BCBS and the CRR3 proposal currently being discussed foresee that institutions calculate the own funds requirements in accordance with ASA at the very least on a monthly basis (see MAR 20.2 of the BCBS framework and Article 325c(3) CRR3). The calculations in the context of the AIMA have to be performed on a more frequent basis (e.g. MAR 33.2 and 33.20, Articles 325bb(4) CRR and 325bn(2) CRR). The CRR3 proposal does not prescribe that the results of that calculation must systematically be reported to the competent authority on continuously or with a certain frequency<sup>15</sup>.
27. In alignment with the frequency of reporting on own funds and own funds requirements (COREP, Annexes I and II to the ITS on Supervisory Reporting), the all the information was and continues to be reported on a quarterly basis and for the standardised reference dates of 31 March, 30 June, 30

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<sup>15</sup> In the light of the fact that it is the only provision of its kind, the EBA assumes that the requirement to report monthly ASA data for AIMA-deskswill be addressed outside the ITS; if deemed necessary, it may be included in a future amendment to the ITS on reporting.

September and 31 December of a calendar year. The submission deadlines – six weeks after the reference date (12 May, 11 August, 11 November and 11 February) also remain unchanged compared to the ones already stipulated in the original ITS.

28. Most of the templates included in the amendments to the ITS presented in this report ask for information reflecting the situation at the reference date. The threshold template (C 90.00) has included, since the very beginning, information on the three ends of the month covered by the quarterly report, in line with the provisions of Articles 94 and 325a CRR. Many of the AIMA templates, especially the ones on daily risk measures and back-testing, foresee the reporting of daily data inside the frame of a quarterly report.

### 2.3.5 Considerations on the application date

29. The vast majority of the reporting requirements detailed in this final report are envisaged to become applicable once the amending Regulation starts applying. The EBA targets 31 March 2025 as first reference date for reporting in accordance with the amended ITS. In the light of the minimum of six months of implementation time provided for by Article 430(7) CRR, the application date is specified as the later of 16 March 2025 and six months after the entry into force of the amending regulation. The detailed reporting requirements will apply even if the reporting still constitutes ‘nominal’ reporting (i.e. even if the FRTB framework is not yet the binding framework for calculating own funds requirements).

30. Considering the expected timeline for the finalisation of the amending ITS, that wording of the entry-into-force-provision ensures that institutions will have more than a year, starting from the date of publication of the final draft ITS by the EBA, to prepare for and implement the amended reporting requirements.

31. As regards the desks and positions in scope of the AIMA, the reporting of information included in the AIMA templates of this proposal would effectively start only, once the institution has obtained the permission to apply the AIMA for at least one trading desk.

32. In contrast to the threshold, ASA and AIMA reporting, the formal amending Regulation presented in section 3 of this report foresees that the reporting on the reclassifications between books (template C 24.01) starts only, once the underlying prudential rules (mainly Article 104b CRR) are applied, in line with the [‘no action’ letter](#) issued by the EBA and recitals (38) to (40) of provisional agreement on the CRR3. At the earliest, that data would have been reported for the first time for the reference date 31 March 2025, in line with the rest of the reporting of the FRTB framework; if the European Commission makes use of the option to postpone the date of application of the FRTB as binding framework for the calculation of own funds requirements for market risk, provided for in Article 461a of the provisional agreement on the CRR3, the information in template C 24.01 would be reported from the date of the binding application of the FRTB set out in the delegated act issued in accordance with that article.

## 2.4 The core of the FRTB reporting: ASA and AIMA reporting

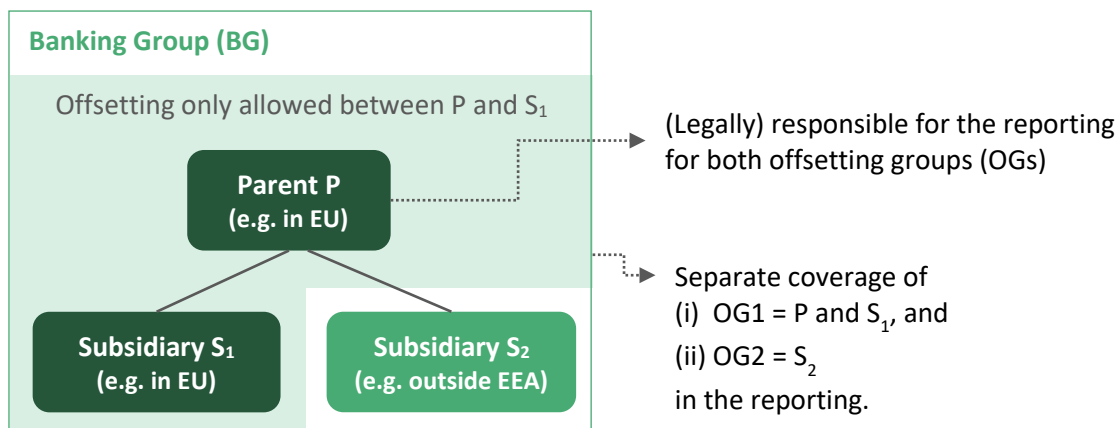
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### 2.4.1 The 'offsetting group'-based reporting

33. Article 325b CRR foresees that institutions can use positions in one institution or undertaking to offset positions in another institution or undertaking, where they have obtained the permission of the competent authority to do so.

34. For the purposes of the reporting in accordance with the amended ITS, as presented in this final report, any subset of entities (or all entities of the group) where such a permission to offset has been granted is called 'offsetting group' (OG). Any individual entity whose positions are not allowed to be netted against the position of any other group entity is also called an 'offsetting group'.

Example for 'Offsetting groups' in accordance with Article 325b CRR



35. The amendments presented in this final report foresee that the templates are filled in for the 'sum of all offsetting groups' (i.e. the banking group as a whole) and separately for offsetting groups that meet certain criteria (see further below), where information is reported at consolidated level. In most of the templates, a z-axis was added to distinguish between those different scopes inside the same consolidated report.

36. Where the templates are filled in at consolidated level and different offsetting groups exist inside the scope of the banking group, those are identified as 'offsetting group 1', 'offsetting group 2' etc.; where only one offsetting group (being equal to all entities of the banking group) exists, 'single offsetting group' would be reported. The EBA envisages to add a mapping of the entities of the group to the different offsetting groups to template C 06.02 (Group solvency) of Annex I to the ITS on Supervisory Reporting (see also section 3.5).

37. Where information is reported at consolidated level, the proposal originally included in the consultation paper foresaw that all the templates should be filled in, separately, for every offsetting group, and that the two summary templates (MKR ASA SUM, C 91.01, and MKR AIMA SUM, C 95.00) should be filled in, in addition, for the 'sum of all offsetting groups'. In response to comments received during the public consultation (please refer to the feedback table for further details), the requirement to reflect different offsetting groups in a consolidated report was modified as follows:

- All templates should be filled in for the 'sum of all offsetting groups';

- All templates should be filled in for offsetting groups which consist of more than one legal entity; this is based on the assumption that a group would obtain a permission to offset positions in different entities in accordance with Article 325b CRR most likely primarily, if not only, where those entities have significant business subject to market risk or concentrate the group's business subject to market risk;
- All templates are filled in for offsetting groups which consist of one legal entity, if
  - the information on that entity's business subject to market risk is not already available at individual level to a(ny of the) competent authorities of the EU; this avoids the double reporting of identical information at individual level;
  - that entity has significant business subject to market risk; whereby that business is assumed to be significant if the entity has the permission to apply the AIMA or it contributes at least 5% to the own funds requirements for market risk of the group, or both.

38. Although it is not relevant for the reporting at individual level, the z-axis reserved for the indication of an offsetting group also needs to carry a value in case of a report at individual level, for technical reasons. For simplicity, the offsetting group field is expected to be set to 'Single offsetting group' in that case.

39. A more comprehensive example, illustrating the scope of reporting on the positions the different offsetting groups, in conjunction with the different scope of positions to be reported in ASA templates by AIMA institutions (please refer to section 2.4.3 for further information) is included in Annex VII to this final report.

## 2.4.2 ASA reporting

### a. Overview and summary templates

40. The information included in the templates capturing the own funds requirements and other information calculated on the basis of the ASA will be reported both by institutions exclusively applying the ASA and institutions that have obtained the permission to apply the AIMA at least to some of their positions of the trading book (please see section 2.4.3 for further information on the reporting of ASA information by AIMA institutions). In order to identify the scope of positions which the ASA is applied to and which the information in the template refers to, each of the ASA templates includes a z-axis capturing the scope.

41. Institutions exclusively applying the ASA will have to report each of the ASA templates both at individual and consolidated level, unless a waiver was granted by the competent authority.

42. The own funds requirements calculated on the basis of the ASA are summarised in template C 91.01. While the core idea and type of information requested in this template did not change compared to the version already in use, the template was modified to

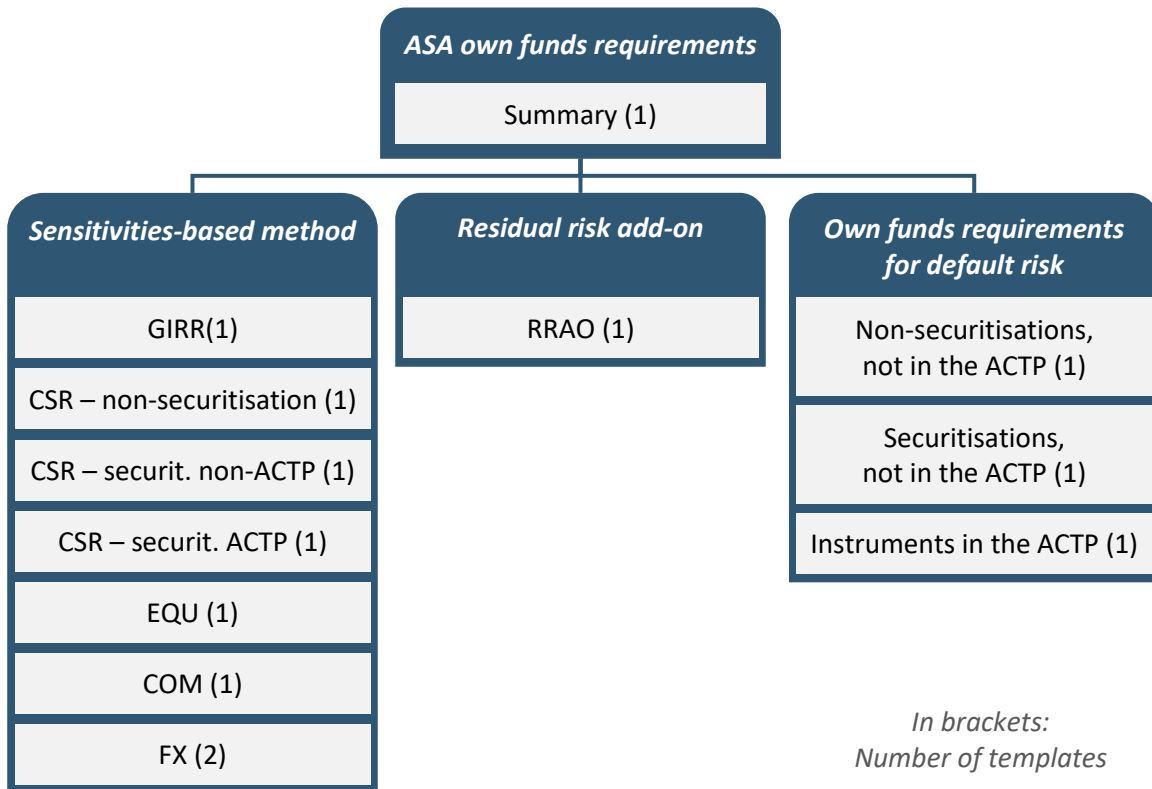
- Add the breakdown by offsetting group, as explained in the previous section;

- Add the breakdown by and indication of the scope of positions covered by the template (see also section 2.4.3);
- Show the own funds requirements in the selected scenario in dedicated columns to facilitate the use of the data;
- Separate the own funds requirements for the ‘main’ ASA portfolio from those for positions or portfolios that have to be treated as standalone portfolios or positions, more specifically the internal risk transfer portfolio for hedging interest rate risk in the banking book (IRT portfolio, Article 105(6) CRR3) and positions in collective investment undertakings (CIUs) that the institution applies the mandate-based approach to (see Article 325j(1a) CRR3).

43. In response to comments received during the public consultation, entities that voluntarily apply the ASA only have to report the summary template C 91.01 – they are not under the obligation to report the remaining ASA templates, but have the discretion to provide as well the information in those templates. ‘Entities voluntarily applying the ASA’ are understood to be, in accordance with the provisions of the CRR3, those entities whose business subject to market risk does not exceed the threshold of Article 325a CRR, but that decide to apply the ASA nevertheless (for example, because they belong to a group that applies the ASA at consolidated level).

44. Besides retaining the requirement to report the summary template, the amendments presented in this final report introduce twelve details templates, as shown in the schema below, each dedicated to a specific type of risk or own funds requirements calculated on the basis of the ASA.

45. These details templates only cover the ‘main’ ASA portfolio. There is no requirement to report granular information on the IRT portfolio or the mandate-based CIUs, as mentioned in the last bullet of point 42 above. As the IRT portfolios CIUs under the mandate-based approach are expected, at this point, not to attract material own funds requirements, they are exclusively represented in the summary template C 91.01. If those exposures become material in the future, the EBA would reconsider their representation in the reporting requirements.



**b. Templates for the reporting of information on the own funds requirements calculated on the basis of the sensitivities-based method**

46. The templates reserved for reporting information on the own funds requirements calculated on the basis of the sensitivities-based method (SBM) closely follow, in their design, the process of calculating own funds requirements. Information is requested on core steps and interim results of the calculation process. This aims to contain institutions’ cost of compliance with the reporting requirements. The schema below illustrates the information to be provided in each of the SBM templates in more detail.

A-SA SBM templates - Structure									
Offsetting group:									
Scope:									
	Unweighted sensitivities ( $\sum_k S_k$ )		Curvature risk positions		Sum of weighted sensitivities ( $S_b$ )		Sum of curvature risk positions ( $S_b$ )		
	Delta risk factors	Vega risk factors	Curvature risk		Delta risk	Vega risk	Curvature risk >>>		
	Breakdown by delta risk factors	Breakdown by vega risk factors	Upward net curvature risk position ( $\sum_k CVR_{k+}$ )	Downward net curvature risk position ( $\sum_k CVR_{k-}$ )					
	ucket	...	...	...	...	...	...	...	... >>>
	...	...	...	...	...	...	...	...	... >>>
Own funds requirements in the different scenarios									
	Low correlation scenario			Medium correlation scenario			High correlation scenario		
	Delta risk	Vega risk	Curvature risk	Delta risk	Vega risk	Curvature risk	Delta risk	Vega risk	Curvature risk
	1000	1010	1020	1030	1040	1050	1060	1070	1080
	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>	>>>

47. There is one template for each broad category of risk, apart from foreign exchange risk (two templates). The templates are either closed templates, where the CRR lists all buckets associated with a broad category of risk explicitly and that list is exhaustive, or open templates, where the CRR defines a rule for the definition of the buckets (e.g. in case of general interest rate risk). There are two templates for reporting information on foreign exchange risk – one covering delta and curvature risk, the other one capturing vega risk – considering that the CRR foresees two different rules for the identification of the relevant buckets in case of the former two versus the latter.
48. As regards the steps for calculating the own funds requirements, the columns dedicated to the weighted sensitivities were removed from all the SbM templates, in response to comments received during the public consultation: the weighted sensitivities can be derived, in most, albeit not all cases, by combining the information on unweighted sensitivities, reported in the templates, with the risk weights specified in the CRR.
49. There were minor cases where the industry identified deficiencies as regards the representation of the policy framework in the templates. In response to these comments, some of the labels in the SbM templates were amended and the buckets aligned with the CRR3 text as included in the provisional agreement (e.g. vega buckets for inflation and cross-currency-positions added to the GIRR template, buckets in the commodities template split, CQS scope clarified in the CSR sec ACTP- and CSR sec non-ACTP templates).
50. The CRR2 includes specific provisions regarding the prudential treatment of investments in CIUs, and the CRR3 is going to modify certain elements of it. Depending on the nature and amount of information available to an institution, institutions can either look through to the underlying positions of the CIU, calculate the own funds requirements based on the mandate or treat the investment as equivalent to an investment in an equity position. Although the individual institutions' application of the prudential rules warrants special supervisory scrutiny, no template exclusively dedicated to positions in CIUs was added to the amendments.
51. Although respondents to the public consultation did not identify any issues regarding the reporting of CIUs, the EBA deemed it necessary to single out CIUs that the institution applies the mandate-based approach to. Given that they are to be treated as standalone portfolios, with netting between them and the 'main' ASA portfolio being prohibited, the information in the details templates (for all three components of the ASA) would either have had to be extended (e.g. reporting of multiple rows in the FX templates, one representing the USD positions from the 'main' ASA portfolio and one for every CIU that the institution applies the mandate-based approach to) or the interpretability of the information provided would have been compromised. Considering that institutions have made very little use of the mandate-based approach in Europe so far, the high-level overview that template C 91.01 provides was deemed so sufficient for the moment.

### c. Templates for the reporting of information on the residual risk add-on

52. The structure of the template for providing information on the residual risk add-on is conceptually similar to the one used to identify positions in scope of the Prudent Valuation Framework (C 32.01). Institutions are asked to provide information on the gross notional amount of positions subject to



residual risks (c0010), then show positions excluded from the scope of the framework (c0020 to c0040), and finally present both the nominal value and the own funds requirements of the positions subject to the additional own funds requirements (c0050 and c0110).

53. Institutions are also asked to allocate instruments subject to other types of residual risks to the ‘most relevant’ of one of five broad asset classes (interest rates, foreign exchange, credit, equities, commodities), based on expert judgement. This aims to provide supervisors with a higher level, aggregate view of the nature of the residual risks that the institution is exposed to.

54. In response to comments received during the public consultation, the breakdown of instruments bearing other residual risks by feature triggering the RRAO was turned into an ‘of which’, acknowledging that one and the same instrument may bear multiple types of residual risks. Also, this detailed breakdown only needs to be reported for instruments that an RRAO is calculated for, avoiding the need, for example, to report back-to-back transactions several times in the details rows.

55. In response to the possibility to exempt instruments used to hedge the residual risk of other instruments from the RRAO included in the provisional agreement on the CRR3, an additional column dedicated to these positions was added to the template after consultation.

A-SA RRAO template - Structure						
		Offsetting group: <input type="text"/>				
		Scope: <input type="text"/>				
		Gross notional amounts - instruments subject to residual risks	Gross notional amounts of instruments exempted from the RRAO	Gross notional amounts of instruments subject to the RRAO	Gross notional amount broken down by asset class	Own funds requirements
		0010	...	0050	...	0110
0010	ALL UNDERLYINGS					
0020	Instruments referencing an exotic underlying					
...	Breakdown by type of exotic underlying					
0080	Instruments bearing other residual risks					
...	Breakdown by type of instrument bearing other residual risks					

#### d. Templates for the reporting of information on the own funds requirements for default risk

56. In line with the distinction made by the CRR, there are three different templates for capturing the instruments subject to default risk, and their associated own funds requirements: One for non-securitisations, one for securitisations not included in (outside) the Alternative Correlation Trading Portfolio (ACTP) and one for instruments in the ACTP. In all three cases, institutions are asked to provide information on the inputs and interim results of the calculation of the own funds requirements, including the gross JTD amounts, net JTD amounts before application of any risk-weights, the bucket-level weighted-to-short ratio as well as the own funds requirement.

57. The templates dedicated to the instruments outside the ACTP are closed templates. As far as non-securitisations are concerned, the template asks for a breakdown of some information at a more granular level than the buckets prescribed by the CRR: As regards the reporting of the gross JTD amounts, a breakdown by type of instrument (Article 325v CRR) and by default-assumption regarding the LGD (Article 325w(3) CRR) is requested, in order to provide the supervisor with better insights into of the structure of the portfolio subject to default risk. The template for securitisations outside the ACTP includes a row for every bucket defined in Article 325aa CRR.

The ACTP-template is an open template, enabling the institution to report a separate row for every bucket corresponding to an index, in accordance with Article 325ad CRR.

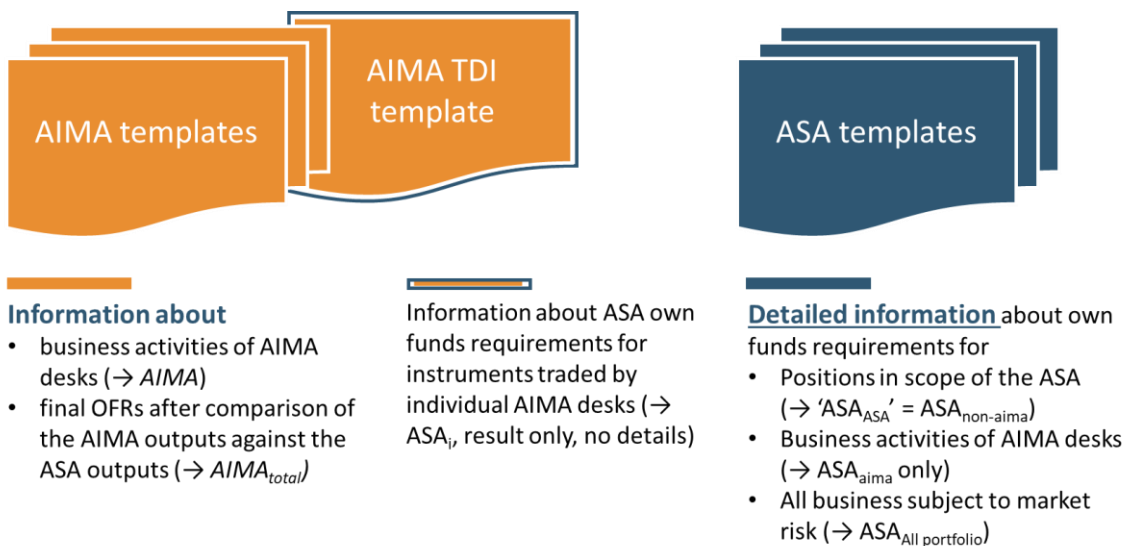
ASA DRC templates - Structure							
		Offsetting group: <input type="text"/>					
		Scope: <input type="text"/>					
		Instruments (for ACTP: with breakdown into tranching and non-tranching products)					
		Gross JTD amounts		Net long JTD amounts (not risk-weighted)	Net short JTD amounts (not risk-weighted)	Weighted-to-Short ratio (WtS)	Own funds requirement
		Long	Short	Breakdown by CQS or risk weight band / unrated / defaulted	Breakdown by CQS or risk weight band / unrated / defaulted		
		0010	0020	...	...	...	...
...	Bucket / combination of counterparty, instrument type, seniority						

### 2.4.3 AIMA reporting

#### a. Scope of information to be reported by an institution applying the AIMA

58. Where an institution obtained permission to calculate the FRTB own funds requirements for the positions assigned to at least one trading desk based on an internal model, it has to provide the information specified in the AIMA templates. However, the CRR3 requires the institution to compare the outputs of the AIMA against the outputs of the ASA (see further below). In line with that, institutions applying the AIMA will also have to provide either the result (one figure) or the full details (fill in all ASA templates) of the calculation of (comparative) own funds requirements determined on the basis of the ASA.

Overview over the information to be reported by an institution applying the A-IMA to at least one of its trading desks



59. With regard to the own funds requirements calculated for each individual trading desk, institutions would have to report only the result of the calculations on the basis of the ASA (i.e. the ASA own funds requirement for the positions of this desk,  $ASA_i$ ), without any details, for example, on the size or composition of the positions of this trading desk.

60. The responses to the consultation showed that it was not fully clear yet to the reporting entities what the scope of reporting of an AIMA entity is. Equally, there seemed to be a need for a clearer distinction between cases where the information provided should cover all desks that the institution obtained an AIMA permit for as opposed to all desks that the institution actually applies the AIMA to for the purposes of calculating own funds requirements (equivalent to the desks meeting the PLAT and back-testing requirements). As regards the latter, the requirements were made explicit in the instructions and labels of the templates. The example below illustrates the scope of the reporting requirement of an institution with three AIMA desks and an ASA-portfolio.

*Example: Reporting by an AIMA institution with three AIMA desks*

The institution (individual entity or a single offsetting group) has the following setup of desks:

<p><b>Three ASA desks</b> (no permission to use the AIMA)</p> <p>→ ASA portfolio</p>	<p><b>Three AIMA desks</b> (permission to use the AIMA obtained), of which...</p>	<p>... two desks meet all requirements</p>
	<p>... one desk either fails the PLAT (red/orange zone) or the back-testing requirements</p>	

$P(ASA_{non-aima})$	$D_{AIMA3}$		$D_{AIMA1}$ and $D_{AIMA2}$	
↙ ASA	↙ ASA	↘ AIMA	↙ ASA	↘ AIMA
Reporting in the <b>ASA templates</b>	Reporting in the <b>AIMA templates</b>			
<p>a) ... on the (portfolio of) positions that the ASA is actually applied to as of the reference date, reflecting the calculation of <math>ASA_{non-aima}</math>:</p> $P(ASA_{non-aima}) \cup D_{AIMA3}$	<p><i>Reporting in the AIMA templates excluding TDS and BTDD</i></p> <p>d) Reporting on the (portfolio of) positions that the AIMA is actually applied to as of the reference date, reflecting the calculation of <math>AIMA</math>:</p> $D_{AIMA1} \cup D_{AIMA2}$			
<p>b) ... on the (portfolio of) positions that the AIMA is actually applied to as of the reference date, reflecting the calculation of <math>ASA_{aima}</math>:</p> $D_{AIMA1} \cup D_{AIMA2}$	<p><i>Reporting in templates TDS and BTDD</i></p> <p>e) Desk-by-desk reporting (i.e. separate information for <math>D_{AIMA1}</math>, <math>D_{AIMA2}</math> and <math>D_{AIMA3}</math>), supporting the identification of the scope of positions that the AIMA is actually applied to as of the reference date, on:</p> <ul style="list-style-type: none"> <li>▪ PLAT results, back-testing results (met/not met), traded risks / instruments etc. → TDS</li> <li>▪ Back-testing details → BTDD</li> </ul>			
<p>c) ... on the (portfolio of) all positions subject to market risk, reflecting the calculation of <math>ASA_{all portfolio}</math>:</p> $P(ASA_{non-aima}) \cup D_{AIMA1} \cup D_{AIMA2} \cup D_{AIMA3}$				

**b. Overview over the AIMA templates**

61. The reporting on the results of the AIMA covers every major step of the calculation of own funds requirements. In a simplified manner, this process is being translated into different templates as follows:

Calculation step...	... reflected in template group
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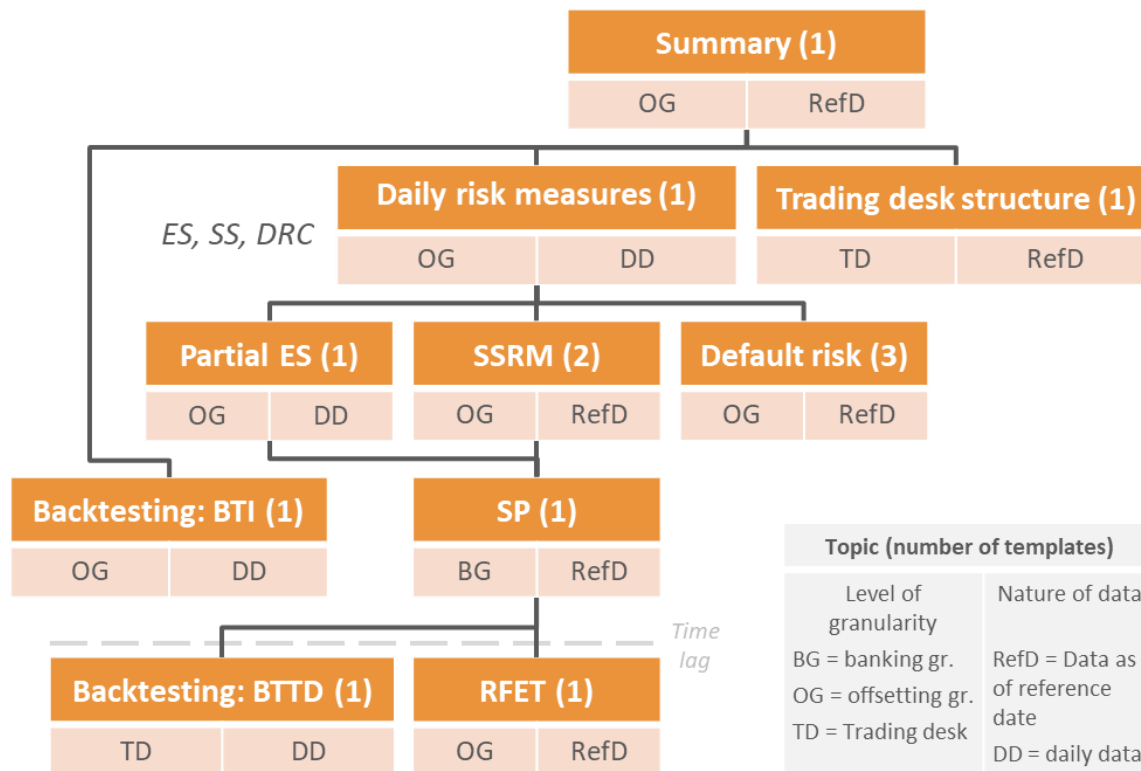
1 Identify the scope of positions that the AIMA can actually be applied to as of the reference date

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Perform profit and loss attribution test (PLAT)</li> <li>• Perform back-testing at trading desk level</li> </ul> | Trading desk structure (TDS)<br>Backtesting (BTDD) |
|---|--|

2	Assess which risk factors can be modelled	RFET
3	Select stress periods	SP
4	Calculate the Expected Shortfall (ES) measure for risk factors that can be modelled	Partial ES (PES), Daily risk measures (DRM)
5	Calculate the Stress scenario risk measure (SSRM) for risk factors that cannot be modelled	SSRM, Daily risk measures (DRM)
6	Assess the quality of the model and determine the multiplier for the ES model	Back-testing (BTI), Summary
7	Calculate the own funds requirements for default risk	Default risk, Daily risk measures
8	Where applicable, calculate $PLA_{add on}$	Trading desk structure (TDS)
9	Determine the final own funds requirement	Summary

62. All of the AIMA templates are to be submitted with quarterly frequency. Most of them foresee that data as of the reference date, or explaining the own funds requirements as of the reference date, is reported. Others cover data for each (business) day of the quarter in question. Two templates contain desk-by-desk data, while the remaining ones are reported, in principle, at the level of the offsetting group (meaning the levels indicated in paragraph 37 above) or at the level of the banking group (irrespective of the existence of the offsetting group).

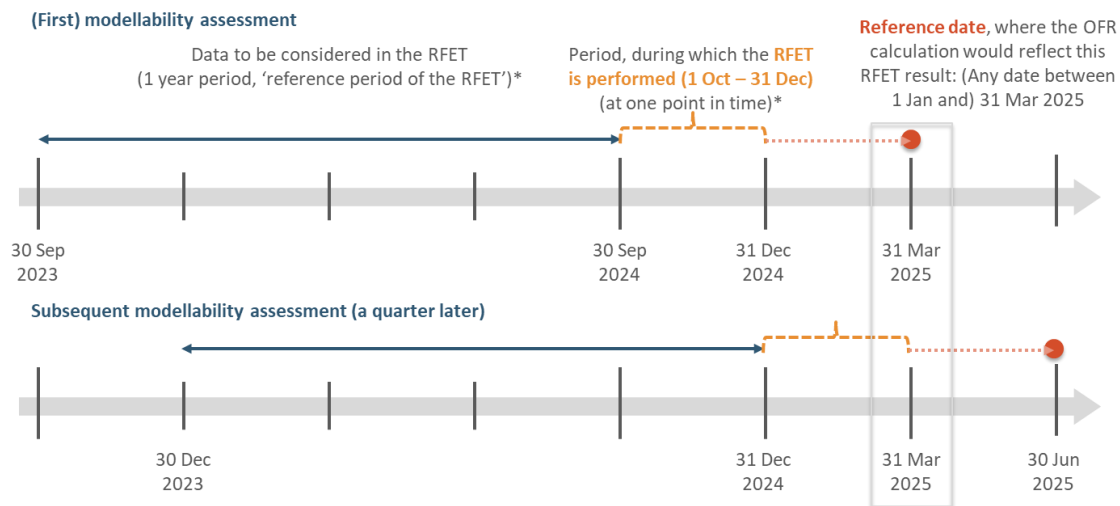
## Overview over the content of the A-IMA templates



63. The back-testing and PLAT determine the scope of positions (desks) that an institution can actually apply the AIMA to as of the reference date, and the risk factor eligibility test (RFET) determines which risk factors are modellable, and which ones are not. In both cases, the result of the tests and assessments will be reflected with a certain time lag in the calculation of the own funds requirements. That time lag is particularly notable in case of the RFET, where the RTS on the criteria for assessing the modellability of risk factors under the AIMA provides for a period of three months (plus one day) to four months (plus one day) between the earliest date, at which the RFET can be performed, and the date at which the results of that RFET are reflected in the calculation of the own funds requirements. In the light of the time lag, the instructions state explicitly that the RFET result to be shown in the RFET template for a report with a certain reference date is the one that was taken into consideration for the calculation of the own funds requirements as of that reference date, and not a possibly available, more recent one. This is illustrated in the example below<sup>16</sup>.

<sup>16</sup> For the purposes of simplification, only the case where the institution performs the RFET within three months after the end of the reference period is shown. The same issue arises where the institution decides to shift the reference period (Articles 1(2) or 4(3) of the RTS on the criteria for assessing the modellability of risk factors under the AIMA).

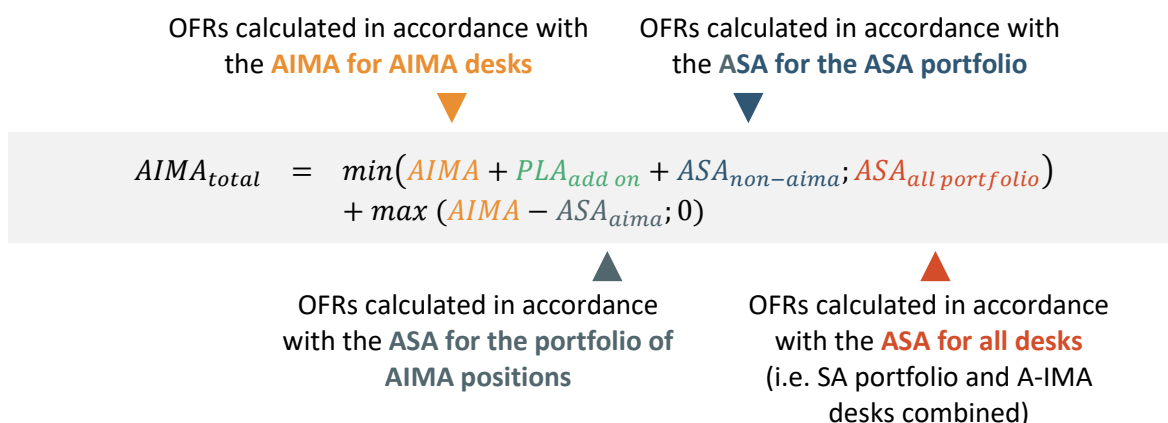
Example: RFET results to be reflected in the report as of 31 March 2025



In the example above, the RFET results to be reflected in the report with the reference date 31 March 2025 would be the ones of the first modellability assessment (i.e. the results of the RFET performed in Q4 2024), as those explain the own funds requirements that the institution has to comply with as of 31 March 2025.

c. The summary template

64. Considering the provisions of Article 325ba CRR in conjunction with the Article 16 of Regulation (EU) 2022/2059 (RTS on back-testing and PLAT), the own funds requirements (OFRs) for the business subject to market risk of an institution applying the AIMA to at least one trading desk (AIMA institution) are calculated as follows:



65.  $PLA_{add\ on}$  – the additional own funds requirement referred in to Article 325bg(2) CRR, and specified further in the RTS on back-testing and profit and loss attribution requirements – is added, if there is at least one AIMA desk assigned to the yellow zone as a result of the profit & loss attribution test, and is calculated as follows:

$$\begin{aligned}
 PLA_{add\ on} &= k \cdot \max(ASA_{aima} - AIMA; 0) \\
 &= 0.5 \cdot \frac{\sum_{i \in \gamma} ASA_i}{\sum_{i \in aima} ASA_i} \cdot \max(ASA_{aima} - AIMA; 0)
 \end{aligned}$$



OFRs calculated in accordance with the **A-SA for individual A-IMA desks**

- Numerator: Sum over all yellow desks
- Denominator: Sum over all AIMA desks

66.All the inputs to this calculation of the own funds requirements, as well as its result, are captured in the summary template. The own funds requirements presented in the summary template are the own funds requirements before the application of the output floor introduced by the CRR3.

**AIMA: Summary of own funds requirements - Structure**

Offsetting group

Modellable risk factors: Expected shortfall measure							
Previous day's risk measure (ES <sub>t-1</sub> )	Average of daily risk measure over the preceding 60 business days (ES <sup>avg</sup> · m <sub>c</sub> )	Multiplier m <sub>c</sub>			Memorandum items		>>>
		of which: quantitative add-on (back-testing)	of which: qualitative add-on	Number of over-shootings	Recognition of extraordinary circumstances		
0010	0020	0030	0040	0050	0060	0065	>>>
0010							>>>

Non-modellable risk factors: Stress scenario risk measure		Default risk		AIMA own funds requirements for AIMA desks	>>>
Previous day's risk measure (SS <sub>t-1</sub> )	Average of daily risk measure over the preceding 60 business days (SS <sup>avg</sup> )	Most recent own funds requirements for default risk	Average own funds requirement for default risk over the preceding 12 weeks		
0070	0080	0090	0100	0110	>>>
					>>>

The other AIMA templates primarily provide more details on the sections highlighted in orange.

ASA own funds requirements for all AIMA desks	Calculation of PLA <sub>add on</sub>				ASA own funds requirements for ASA desks	ASA own funds requirements for all desks	Own funds requirements for the on- and off-balance sheet business subject to market risk (AIMA <sub>total</sub> )	Total risk exposure amount
	ASA own funds requirements for yellow AIMA desks	ASA own funds requirements for all AIMA desks (desk by desk)	k-coefficient	PLA <sub>add on</sub>				
ASA <sub>aima</sub>	Σ <sub>(i in γ)</sub> ASA <sub>i</sub>	Σ <sub>(i in aima)</sub> ASA <sub>i</sub>	k	PLA <sub>add on</sub>	ASA <sub>non-aima</sub>	ASA <sub>all portfolio</sub>		
0120	0130	0140	0150	0160	0170	0180	0190	0200

**d. Reporting on the outcome of the risk-factor eligibility test, expected shortfall and stress scenario risk measures as well as back-testing results**

67.In the template on the risk factor eligibility test, institutions are asked to provide simple statistical information on the number of risk factors, assessed individually or at bucket level, that were ultimately considered to be modellable and non-modellable, respectively, for each risk class. This



aims to provide supervisors with a rough indication of the quality of crucial inputs to the institution's market risk model. As regards non-modellable risk factors, additional statistical information on the availability of real price observations for those risk factors is requested.

68. The RFET result to be shown in the RFET template for a report with a certain reference date is the one that was taken into consideration for the calculation of the own funds requirements as of that reference date (see also section 2.4.3.b).
69. The Stress Periods template (MKR AIMA SP) gathers information on the stress periods used in the calculation of the own funds requirements for modellable (1 stress period) and non-modellable risk factors (1 stress period for each broad risk factor category), as well as information on the last time the institution reviewed its choice of those stress periods. In line with the provisions of the CRR3, the template distinguishes between the stress periods used to determine the ES measure and SSRM for the AIMA portfolio excluding the IRT desk, and the IRT desk.
70. As far as modellable risk factors are concerned, institutions have to report detailed information on the partial expected shortfalls measures to be calculated in accordance with Articles 325bb and 325bc CRR, considering the different sets of risk factors/scenarios and the different broad risk factor categories respectively the set of all broad risk factor categories, and the unconstrained expected shortfall in template MKR AIMA PES (PES template). In response to comments received during the public consultation, the requirement to report partial expected shortfalls for every liquidity horizon specified in the CRR was replaced by the one to report only the partial expected shortfall measure for the effective liquidity horizon of 10 days ( $PES_t(T, 1)$ , as referred to in Article 325bc(1), point (c), CRR), reducing the amount of information provided in this template significantly. The PES template only provides information on the AIMA portfolio excluding the IRT desk. Similar to the choices made for the ASA templates, the information to be reported on the IRT desk is, for the time being, less comprehensive than that for the remaining portfolio.
71. The (final) expected shortfall measure derived from the partial and unconstrained expected shortfall measures reported in the PES template is shown in the daily risk measures template (MKR AIMA DRM, DRM template). In contrast to the PES template, the DRM template also includes separate information on the risk measures for the IRT desk. The information reported in both the PES and DRM templates thus covers all trading desks that belong to the same offsetting group and that the AIMA is applied to as of the reference date.
72. The PES- and DRM-templates are complemented by two templates capturing back-testing information, at institution level and trading desk level, respectively. They include information on the VaR and various profit and loss measures, as well as overshootings, to support the assessment of the desks' compliance with the back-testing requirements in accordance with Article 325bf CRR, ultimately determining the scope of positions that the AIMA can actually be applied to as of a reference date, and to determine the multiplication factor applied to the average expected shortfall risk measure referred to in Article 325ba(1), point (b)(i), CRR. As a complementary information, institutions are also asked to report expected shortfall values calculated on the same assumptions as the VaR used for back-testing, to facilitate the supervisory assessment of the outliers.

73. As regards the own funds requirements for non-modellable risk factors, the templates MKR AIMA SSRM1 and MKR AIMA SSRM2 show granular information on the aggregate stress scenario risk measures, broken down by risk (sub-)category (template MKR AIMA SSRM1) and statistical information on the number of non-modellable risk factors capitalised based on the different methods specified in the RTS on the capitalisation of non-modellable risk factors under the FRTB (template MKR AIMA SSRM2). That granular information is only requested for the reference date. Daily data only needs to be provided, to the same extent as for modellable risk factors, in the DRM-template, covering only the final, aggregate stress scenario risk measure.

74. Information on the risk measures, interim results of the calculation of the expected shortfall measure and back-testing results, is, in principle, requested for every business day. Where the CRR foresees the calculation of a certain measure on a less frequent basis – as it is the case for the final own funds requirements for default risk<sup>17</sup> – or where, for example, the reporting institution obtained the competent authority's permission to perform the last steps of the calculation of the expected shortfall measure only on a weekly basis, institutions' reports would only have to cover data for the days on which they actually calculate the measures.

75. For the purposes of the analysis of the data by the data users, it would have been more convenient to ask institutions to provide data for the preceding 250 business days (or year) every quarter. In that case, the data submitted for the more recent quarter supersedes the data submitted on the preceding quarter. Resubmissions to update and correct the data, for example if an institution gets the permission to exclude an overshooting for a certain reference date with a certain delay, would only be needed to the extent they change data for a quarter not covered by the most recent report. On the other hand, the request to provide data only for the quarter in question is clearer in nature and avoids the reporting of overlapping data. In the light of these considerations, the amendments presented in this final report foresee only that data is reported for every (business) day in the quarter.

#### e. Reporting on the trading desk structure

76. The trading desk structure template (MKR AIMA TDS) pools core information on every trading desk included in the scope of the permission to apply the AIMA. Trading desks should be listed there, irrespective of whether they are 'notional' trading desks (Article 104b(5) and (6) CRR3) or 'normal' trading desks that have to meet all the requirements specified in Article 104b CRR3, irrespective of the offsetting group they are allocated to (requiring a unique identification of the trading desks across the whole banking group), and irrespective of the approach applied for the calculation of own funds requirements as of the reference date.

77. The main purpose of the TDS template is to capture and deliver information regarding the situation of the AIMA trading desk, as it was reflected in the own funds requirements as of the reference date, and the suitability of the model applied. For that purpose, institutions are asked to provide information on the results of the profit and loss-attribution test and state whether the back-testing

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<sup>17</sup> unless the institution makes use of its right to perform the calculation more frequently

requirements were met. The information reported should reflect the outcome of the tests that determined whether the AIMA could (actually) be applied to the positions of that desk as of the reference date of the report, which may not necessarily correspond to the results of the most recent assessment of the desk's compliance with the back-testing and PLAT requirements.

78. Consequently, the template also includes the information whether the AIMA or the ASA were effectively (actually) applied for calculating own funds requirement for this trading desk as of the reference date. Institutions are also asked to report the final result of the calculation of the own funds requirements for every individual trading desk on the basis of the ASA (= ASA<sub>i</sub>).

79. The information on the 'suitability' of the application of the AIMA to the trading desk as of the reference date is complemented by more stable, qualitative information aiming to capture the nature of the activities of the trading desk. For this purpose, institutions should indicate, for every trading desk, the kinds of risks and the kinds of instruments that are (usually) traded at the trading desk, and whether the trading includes also instruments subject to the default risk charge.

#### f. Reporting on instruments subject to default risk

80. As a complement to the weekly overall DRC measure reported in template DRM, the MKR AIMA DRC- (C 98.01.1, C 98.01.2) and MKR AIMA CORR-templates (C 98.02.1, C 98.02.2) aim to provide more detailed insights into the composition of the portfolio of instruments subject to default risk covered by the institution's DRC model. The templates capture the composition of that portfolio as of the reference date only (i.e. no provision of information for multiple dates).

81. The DRC-templates require institutions to break down the potential losses, determined based on the DRC model, separately for long and short positions towards the different issuers, broken down by PD (DRC1) and LGD (DRC2), respectively. The PD bands defined for that purpose roughly mirror the default probabilities associated with the different Credit Quality Steps assigned for the purposes of the calculation of the own funds requirements for default risk in the context of the ASA. Similarly, the breakdown by type of issuer (rows) aims to reduce institutions' cost of compliance with the reporting by enabling them to re-use a mapping of issuers/risk factors to broad risk factor (sub-)categories of risk factors (Article 325bd CRR, credit spread category) that institutions have to produce as part of the fall-back calculation of ASA-based own funds requirements for their AIMA desks.

82. In the light of the importance that the CRR attributes to factor model setup and the soundness of the methodology for estimating correlations, the last two templates of the AIMA-template set are dedicated to the correlations used in the DRC model. With a view to limiting the cost of compliance with the reporting requirements, the templates gather information on the default correlations between the 25 most significant issuers the institution is exposed to. The correlation matrix is complemented by information on the size of the institution's exposure to those 25 issuers, as well as information on the systematic risk factors used for modelling the issuers' defaults.

#### 2.4.4 Reporting of P&L information

83. With the implementation of the FRTB in the EU, the number of institutions using internal models to calculate their own funds requirements for market risk is expected to significantly decrease. Many institutions with significant market risk exposures that currently use internal models will apply exclusively the ASA in the context of Pillar 1. As regards the few institutions who will use internal models in the future, the ASA will serve as the implemented fall-back mechanism, has to be considered in the context of the output floor, and will be applied for any desk without internal model approval.
84. Institutions applying internal models are asked to calculate different types of (regulatory) profit and loss (P&L) figures to their supervisors in the context of back-testing requirements, and will report them as explained in the previous section. No comparable regulatory or reporting requirement has been in place so far for institution exclusively using the standardised approach. However, the future ASA, with its main component, the sensitivities-based method, is based on risk sensitivities and strongly resembles a market risk model (variance covariance approach).
85. Against this background, the amendments presented in this final report introduce a template for collecting data on the 'economic' P&L, both from institutions applying the ASA and the AIMA. The data collected would allow supervisors to compare realised P&Ls against the output of the institution's regulatory ASA 'model', with certain conceptual caveats. At the level of individual institutions, supervisors would be able to understand how well the model outputs reflect the actual risk of the institution's business. At a horizontal level, the data could be used to monitor the appropriateness of the calibration of the risk weights and correlations used in the regulatory calculation, as well as to identify cases, where the realised market volatility systematically exceeds the regulatory calibration (e.g. for a certain risk class or certain groups of institutions).
86. As all the other information presented in this amendment, the P&L data would be reported with a quarterly frequency. Institutions are required to provide the P&L for every business day of the quarter.
87. The original proposal foresaw that every institution that either applies the ASA or the AIMA would fill in the template, and that information would be provided at the level of the offsetting group. In response to comments received to the public consultation, the final amendment exempts institutions that voluntarily apply the ASA from reporting this template (although those institutions retain the option to report it nevertheless) and the breakdown by offsetting group was dropped.
88. Institutions are asked to report the total 'economic' profits and losses generated by all their activities subject to market risk, and to attribute or allocate those 'economic' profits and losses to the risk classes of the sensitivities-based method, to the extent possible.
89. The data reported should cover at least trading book positions. Institutions are expected to have daily data on economic profits and losses associated with those positions because of the requirements of Article 105(3) CRR (daily revaluation of trading book positions). Ideally, the data on economic profits and losses should cover all positions subject to market risk, i.e. also the economic profits and losses generated by positions in the banking book, to the extent those profits

and losses are attributable to market risks (i.e. result from foreign exchange and/or commodities risk). As daily data may not be available for banking book positions, institutions are given the choice to include or exclude information on them in / from the template, but have to explicitly indicate whether or not the economic profit and loss reported for a given business day covers also those positions.

90. Beyond this high-level guidance, no specific methodology is prescribed for determining the economic P&L, or for allocating the components of the economic P&L, to the extent they can be allocated, to the different risk classes of the sensitivities-based method. The absence of more detailed guidance aims to enable institutions to re-use a profit and loss metric that they monitor anyway (e.g. the P&L for reporting to senior management), or can generate with a reasonable effort. In the light of the methodological freedom granted, institutions are asked to explain their methodological choices for the determination of the P&L value and for allocating the P&L components to risk classes (e.g. components systematically included/excluded in both cases). While the data on the economic profits and losses reported may not be fully comparable between institutions, the approach described aims to contain the cost of compliance associated with this reporting requirement.

## 2.5 Other amendments to the ITS on Supervisory Reporting linked to the application of the FRTB framework in the EU

### 2.5.1 Procedural aspects

91. As explained previously, this final report does not cover all the reporting of information on elements of the FRTB framework. More specifically, it does not include proposals for the reporting on the composition of the trading and non-trading (banking books. Please refer to EBA/CP/2023/39 for the formal proposal for those amendments to the ITS on Supervisory Reporting.

### 2.5.2 Reporting of information on the reclassification of positions between trading book and non-trading book

92. Besides the ASA and the AIMA, the CRR2 also introduced the revised framework for allocating positions to the trading book and non-trading (banking) book, including default assumptions for the allocation to books, documentation and monitoring requirements, and the own funds requirements for certain reclassifications. The legal provisions are subject to certain changes introduced by provisional agreement on the CRR3.

93. Given that reclassifications are expected to be a rare occurrence and should be subject to close supervisory scrutiny, the amendment presented in this final report includes a template capturing the reclassification of instruments between books (C 24.01, 'MOV' for 'movement between books'). The template aims to provide the supervisors with all information about reclassifications relevant as of the reference date. With this objective in mind, its scope does not only include any reclassifications in the reference period (three months period ending with the reference date), whether or not they lead to an add-on to the own funds requirements in accordance with Article

104a(3), point (b), CRR, but also reclassifications that took place in preceding reference periods, to the extent they either still attract the own funds requirements for the reclassification as of the reference date or ceased to be subject to own funds requirements during the reference period because of a decision by the competent authority.

94. For each of the reclassifications in scope, the template asks for basic information on the reclassification itself: the regulatory book that the instrument was originally assigned to (origin book), the regulatory book it is now allocated to (destination book), the date of the classification, reason for classification. Institutions are also asked to provide data on the impact on the own funds requirements, including the duration of that impact: the net increase or decrease in own funds requirements, the date of maturity or envisaged derecognition of the instrument, and the effective date of the competent authority's permission to waive the own funds requirements.

95. For the time being, the reason for the reclassification is to be provided in a free text field. The free text field may be replaced or complemented by a standard list of reasons in the future, if the Guidelines to be developed in accordance with the mandate of Article 104a CRR support such a standardisation.

96. Formally and in principle, the prudential framework for the reclassification between books applies to any institution, both those making use of the derogation of Article 94 CRR and those applying the Simplified Standardised Approach (SSA), ASA or AIMA. For this reason, no institution can be excluded from the obligation to report the MOV-template.

97. The MOV-template and its accompanying instructions are set out in Annexes I and II to this consultation paper. Annex VI also includes an example, illustrating the reporting of different transactions in the template over time.

98. In the light of the 'no action' letter on the application of the boundary rules and recitals (38) to (40) of provisional agreement on the CRR3, the amending ITS presented in this final report defer the date of application of the reporting on the reclassifications between books to the day when the FRTB becomes the binding framework for calculating own funds requirements.

### **2.5.3 Small amendments to the group Solvency reporting (C 06.02) and breakdown of the RWEA by type of risk (C 02.00)**

99. As explained above, both the ASA and the AIMA template are envisaged to be filled in at the level of an offsetting group, where that offsetting group meets certain criteria. In order to facilitate access to information on the scope of those offsetting groups, ultimately supporting the interpretation of the data, it is envisaged to add a simple mapping of the different legal entities of a group subject to consolidated supervision in accordance with the CRD to the different offsetting groups to template C 06.02 (Group Solvency) of Annex I to the ITS on Supervisory reporting. The template C 06.02 already captures qualitative and quantitative information on entities included in the scope of consolidation of a banking group. It is reported with a semi-annual frequency, which suits the fact that the mapping of the legal entities to the offsetting groups is not expected to be subject to frequent changes.

100. The overview over the composition of the RWEA, presented in template C 02.00 of Annex I to the ITS on Supervisory Reporting, will have to be amended as well, with effect as of the date of application of the CRR3 or, at the very latest, with effect as of the date where the FRTB becomes the binding framework for calculating own funds requirements for market risk. It is not foreseen to introduce a breakdown by offsetting group into this template.

C 02.00 - OWN FUNDS REQUIREMENTS (CA2) - Excerpt			
Rows	Item	Label	Amount
0010	1	<b>TOTAL RISK EXPOSURE AMOUNT</b>	
...	...	...	
0520	1.3	<b>TOTAL RISK EXPOSURE AMOUNT FOR THE BUSINESS SUBJECT TO MARKET RISK</b>	
0530	1.3.1	<b>Risk exposure amount for business subject to market risk calculated by entities exclusively applying the simplified standardised approach (SSA)</b>	
0540	1.3.1.1	Traded debt instruments	
0550	1.3.1.2	Equity	
0555	1.3.1.3	Particular approach for position risk in CIUs	
0556	1.3.1.3*	Memo item: CIUs exclusively invested in traded debt instruments	
0557	1.3.1.3**	Memo item: CIUs invested exclusively in equity instruments or in mixed instruments	
0560	1.3.1.4	Foreign Exchange	
0570	1.3.1.5	Commodities	
0580	1.3.2	<b>Risk exposure amount for Position, foreign exchange and commodities risks under internal models (IM)</b>	
0581	1.3.3	<b>Risk exposure amount for market risk calculated by entities applying exclusively the Alternative standardised approach (A-SA)</b>	
0582	1.3.4	<b>Risk exposure amount for market risk calculated by entities applying the Alternative Internal Models Approach (A-IMA) to at least one trading desk</b>	
0588	1.3.5	<b>Risk exposure amount for reclassifications between banking and trading book</b>	
...	...	...	

	Label change
	Label change or (small) change of concept
	Deleted
	Added

detail templates.

102. Once the current internal model approach cannot be used anymore, row 0580 – and consequently also template C 24.00 dedicated to the own funds requirements under the current internal models approach - will be deleted.

103. Two new rows added to the template will not distinguish anymore, as it is currently done, between the RWEA calculated according to the different approaches applied to individual instruments or positions. Instead, they will distinguish between the RWEA of entities that do not apply the AIMA at all (row 0581), and those applying the AIMA to at least one trading desk (row 0582). This reflects the fact that the own funds requirements of an institution applying the AIMA to at least one trading desk are, ultimately, determined not only on the basis of the AIMA itself, but

101. The section of the template dedicated to the current standardised approach (rows 0530 to 0570) would likely only have to be modified to a minor extent. It will continue capturing the RWEA of entities applying the (then renamed to simplified) standardised approach, as a summary of the more detailed information included in template C 18.00 to C 23.00 of Annex I to the ITS on Supervisory Reporting. The rescaling of the own funds requirements calculated on the basis of this simplified approach (Article 325(2) CRR3) would be reflected in the detailed templates and/or in the validation rules linking template C 02.00 and the

also through a comparison of the own funds requirements calculated on the basis of the AIMA and those calculated on the basis of the ASA for certain scopes of exposures (see section 2.4.3 above).

104. A new row in the template will also capture possible own funds requirements associated with the reclassification of instruments between books, reflecting the result detailed in the MOV-template described in the previous section.

105. The information included in rows highlighted above does not reflect the effect of the application of the output floor, as that would hamper the comparability of the detailed information between institutions. The effect of the output floor will be captured separately in template C 02.00.



### 3. Draft implementing technical standards

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**COMMISSION IMPLEMENTING REGULATION (EU) .../...****of XXX****amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/451 with regard to reporting requirements for market risk and repealing Commission Implementing Regulation (EU) 2021/453**

Text with EEA relevance

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012<sup>18</sup>, and in particular Article 430(7), fifth subparagraph, thereof,

Whereas:

- (1) [Regulation XXXX-CRR3] of the European Parliament and of the Council<sup>19</sup> sets out the last pending elements for calculating the own funds requirement for market risk on the basis of the alternative approaches. Based on that Regulation, the obligation to merely report information on the own funds requirements for market risk calculated on the basis of those alternative approaches will be converted into an obligation to also actually comply with those own funds requirements for market risk as part of the overall solvency framework, making those approaches the basis for calculating binding own funds requirements for market risk. Against this background, it is necessary to revise and expand the set of information to be provided by institutions, in order to provide supervisors with a sound basis for understanding institutions' progress regarding the implementation of the alternative approaches, assessing both the magnitude and the nature of the market risks entered into by an institution, as well as monitoring institutions' compliance with the own funds requirements.
- (2) Supervisors and regulators need to understand whether the own funds requirements calculated by institutions in accordance with the alternative approaches specified in Regulation (EU) No 575/2013 adequately reflect the profits and losses actually materialising because of those institutions' business subject to

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<sup>18</sup> OJ L, 176, 27.6.2013, p. 1, ELI: <http://data.europa.eu/eli/reg/2013/575/oj>.

<sup>19</sup> Regulation XXXX of the European Parliament and of the Council amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (OJ L.....)

market risk. For that reason, institution should report some high-level information about their economic profits and losses arising from their trading book business and the business subject to market risk.

- (3) [Regulation XXXX-CRR3] also revised the framework for the boundary between the trading and the non-trading book. Where institutions reclassify an instrument from one book to the other, they may be subject to an add-on to their own funds requirements in accordance with Article 104a(3), point (b), and (6) of Regulation (EU) No 575/2013. Given that such reclassifications should be exceptional and rare, institutions should provide some more detailed information about the instruments they reclassified.
- (4) Further, Article 461a of [Regulation XXXX-CRR3] empowers the European Commission to adopt a delegated act to, among others, postpone, by up to two years, the application of the alternative approaches as binding approaches for calculating own funds requirements for market risk in accordance with Article 92(4), points (b)(i) and (c), and Article 92(5), points (b) and (c) of Regulation (EU) No 575/2013. Institutions should report, with small exceptions, the same set of information before and after the approaches become binding, irrespective of whether the date of them becoming binding coincides with the application date of [Regulation XXXX-CRR3] or is postponed by the delegated act.
- (5) Finally, [Regulation XXXX-CRR3] moved the reporting obligation originally set out in Article 430b of Regulation (EU) No 575/2013 to Article 430(2a) and (2b) of that Regulation. In light of that change, as well as of the fact that the alternative approaches are, or will become, the binding approaches for calculating own funds requirements for market risk, the reporting obligations set out in Implementing Regulation (EU) 2021/453<sup>20</sup> should be included in Implementing Regulation (EU) 2021/451<sup>21</sup>. This ensures that all applicable reporting requirements on market risk are set out in one single Regulation, for legal clarity. Accordingly, Implementing Regulation (EU) 2021/453 should be repealed.
- (6) In order to allow time to prepare for the implementation of the reporting requirements introduced by this Regulation, and in accordance with Article 430(7) of Regulation (EU) No 575/2013, institutions should start reporting in accordance with this Regulation not earlier than six months from its date of entry into force. In order to give clarity and ideally provide for more than those minimum six months of implementation time, institutions should start reporting the amended set of information no earlier than for the reference date 31 March 2025. Nevertheless, given the possibility of the postponement of the use of the alternative approaches for calculating binding own funds requirements by virtue of the European Commission's delegated act mentioned

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<sup>20</sup> Commission Implementing Regulation (EU) 2021/453 of 15 March 2021 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to the specific reporting requirements for market risk (OJ L 89, 16.3.2021, p. 3)

<sup>21</sup> Commission Implementing Regulation (EU) 2021/451 of 17 December 2020 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to supervisory reporting of institutions and repealing Implementing Regulation (EU) No 680/2014 (OJ L 97, 19.3.2021, p. 1–1955)

above, the date of application of the amendments relating to reclassifications should be synchronised to the date that that delegated act sets out as the date where these alternative approaches become binding.

- (7) Implementing Regulation (EU) 2021/451 should therefore be amended accordingly.
- (8) This Regulation is based on the draft implementing technical standards submitted to the Commission by the European Banking Authority.
- (9) The European Banking Authority has conducted open public consultations on the draft implementing technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the advice of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council<sup>22</sup>,

HAS ADOPTED THIS REGULATION:

*Article 1*

Implementing Regulation (EU) 2021/451 is amended as follows:

- (1) Article 5 is amended as follows:

- (a) The following paragraphs 12a to 12d are inserted:

‘12a. Institutions that apply the alternative standardised approach referred to in Part Three, Title IV, Chapter 1a, of Regulation (EU) No 575/2013 to all or some of their business subject to market risk, shall report information on the own funds requirements for market risk calculated on the basis of that approach as specified in Annex XXX, templates 91.1, 92.1, 92.2, 92.3, 92.4, 92.5, 92.6, 92.7.1, 92.7.2, 93, 94.1, 94.2 and 94.3, in accordance with the instructions set out in Annex XXXI, Part II, Section 1.

Institutions shall report at least the information specified in Annex XXX, template 91.1, and may voluntarily report the rest of the information specified in the first subparagraph, where they meet both of the following conditions:

- (a) they are eligible to apply the simplified standardised approach in accordance with Articles 325(4) and 325a of Regulation (EU) No 575/2013 to their business subject to market risk;
- (b) they voluntarily apply the alternative standardised approach to their business subject to market risk.

12b. Institutions that have obtained the permission to apply the alternative internal model approach referred to in Part Three, Title IV, Chapter 1a, of Regulation (EU) No 575/2013 to the positions of at least one trading desk, shall report information on the own funds requirements for market risk calculated on the basis of the alternative standardised approach, as specified in Annex XXX, templates 91.1,

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<sup>22</sup> Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12).

92.1, 92.2, 92.3, 92.4, 92.5, 92.6, 92.7.1, 92.7.2, 93, 94.1, 94.2 and 94.3 in accordance with the instructions set out in Annex XXXI, Part II, Section 1.

12c. Institutions that have obtained the permission to apply the alternative internal model approach referred to in Part Three, Title IV, Chapter 1a, of Regulation (EU) No 575/2013 to the positions of at least one trading desk, shall report information on the own funds requirement for market risk calculated on the basis of that approach, as specified in Annex XXX, templates 95, 96.1.1, 96.1.2, 96.2, 96.3, 96.4.1, 96.4.2, 96.5.1, 96.5.2, 97, 98.1.1, 98.1.2, 98.2.1 and 98.2.2 in accordance with the instructions set out in Annex XXXI, Part II, Section 2.

12d. Institutions that apply the alternative standardised approach referred to in Part Three, Title IV, Chapter 1a, of Regulation (EU) No 575/2013, and institutions that apply the alternative internal model approach referred to in Part Three, Title IV, Chapter 1a, of Regulation (EU) No 575/2013, shall report information on the profits and losses generated by their business subject to market risk, as specified in Annex XXX, template 99, in accordance with the instructions set out in Annex XXXI, Part II, Section 3.

Institutions that meet the criteria specified in paragraph 12a, points (a) and (b), shall be exempted from the obligation to submit the information specified in the first subparagraph. Those institutions may voluntarily report the information specified in the first subparagraph.’;

(b) The following paragraph 16 is added:

‘16. Institutions shall submit information on the size of their on- and off-balance-sheet business subject to market risk, and on the size of their trading book as specified in Annex I, template 90, in accordance with the instructions set out in Annex II, Part II, section 9.1.’

(b) The following paragraph 17 is added:

‘17. Institutions shall submit information on the reclassifications between the trading and non-trading books as specified in Annex I, template 24.1, in accordance with the instructions set out in Annex II, Part II, section 9.3.’

(2) The following Article 20b is inserted:

*‘Article 20b*

**Transitional provisions for the reporting of information on the own funds requirements for market risk calculated in accordance with the approaches set out in Part Three, Title IV, Chapters 1a and 1b of Regulation (EU) No 575/2013**

Until the date of application of the use of the alternative approaches set out in Part Three, Title IV, Chapters 1a and 1b of Regulation (EU) No 575/2013 for the purposes of actually calculating the own funds requirements referred to in Article 92(4), points (b)(i) and (c), and Article 92(5), points (b) and (c), of that Regulation, the following shall apply:

(a) In order to comply with the reporting obligation set out in Article 430(2a) of Regulation (EU) No 575/2013, institutions that would not be eligible to apply the simplified standardised approach pursuant to Article 325a of that

Regulation shall report information on the calculations based on the alternative standardised approach in accordance with Article 5(12a), (12b) and (12d);

- (b) In order to comply with the reporting obligation set out in Article 430(2b) of Regulation (EU) No 575/2013, institutions that have been granted the permission by the competent authorities to use the alternative internal model approach for at least one trading desk pursuant to Article 325az(2) of that Regulation, shall report information on the calculations based on the alternative internal model approach in accordance with Article 5(12c).’
- (3) The text in Annex I to this Regulation is added to Annex I as templates C 24.01 and C 90.00;
- (4) The text in Annex II to this Regulation is added to Annex II as Part II, section 9;
- (5) Annex III to this Regulation is added as Annex XXX;
- (6) Annex IV to this Regulation is added as Annex XXXI.

#### *Article 2*

#### **Repeal of Regulation (EU) 2021/453**

1. Implementing Regulation (EU) 2021/453 shall be repealed as of the date of application of this Regulation.
2. References to the repealed Regulation shall be construed as references to Regulation (EU) 2021/451 and shall be read in accordance with the correlation table in Annex V.

#### *Article 3*

#### **Entry into force and application**

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

It shall apply from [*OP please insert date as the later of 16 March 2025 and 6 months after date of entry into force of this Regulation*].

Article 1(1), point (c), shall apply from the date of application of the use of the approaches set out in Part Three, Title IV, Chapters 1a and 1b of Regulation (EU) No 575/2013 for the purposes of actually calculating the own funds requirements referred to in Article 92(4), points (b)(i) and (c), and Article 92(5), points (b) and (c), of that Regulation.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the Commission*

*The President*

*On behalf of the President*

*[Position]*

**ANNEXES I to V**

*(Annexes to the draft amending ITS included above)*

*Please see separate files*

**ANNEXES VI and VII**

*(Illustrative examples)*

*Please see separate files*



## 4. Accompanying documents

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### 4.1 Draft cost-benefit analysis / impact assessment

As per Article 15 of Regulation (EU) No 1093/2010 (EBA Regulation), any draft implementing technical standards (ITS) developed by the EBA shall be accompanied by an Impact Assessment (IA), which analyses ‘the potential related costs and benefits’.

This analysis presents the IA of the main policy options included in this final report on the draft ITS amending Regulation (EU) 2021/451 with regard to reporting requirements for market risk. The analysis provides an overview of the identified problem, the proposed options to address this problem as well as the potential impact of these options. The IA is high level and qualitative in nature.

#### A. Problem identification and background

Article 430b of Regulation (EU) No 575/2013 (‘the CRR’) mandates the EBA to specify the details of the reporting on the own funds requirements calculated in accordance with the FRTB framework. To answer this mandate, in 2020, the EBA proposed to the European Commission the ITS on specific reporting requirements for market risk (or ‘ITS on FRTB reporting’). The Commission adopted it via the Regulation (EU) 2021/453.

Since then, the FRTB framework has been formally in place and is being implemented – even though not yet being applied – but its application as binding framework for the calculation of own funds requirements, with minor adjustments, is approaching as the EU co-legislators reached a provisional agreement on the amendments to the CRR (CRR3/CRD6 package). With that full application as binding in sight, the EBA considers that it is the right time to expand the FRTB reporting framework, transferring the reporting requirements at the same time from Regulation (EU) 2021/453 to Regulation (EU) 2021/451 (the ‘draft ITS’).

#### B. Policy objectives

The objectives of the draft ITS is to complement the already existing reporting requirements on market risk own funds requirements with a comprehensive set of templates to capture details on the instruments and positions in scope of the two following approaches contained in the current FRTB framework: the Alternative Standardised Approach and the Alternative Internal Model Approach. Thus, this draft ITS aims at updating the reporting framework for market risks by providing new or updated templates and by explaining in which situations templates should be used.

### C. Options considered, assessment of the options and preferred options

Section C. presents the main policy options discussed and the decisions made by the EBA during the development of the Draft ITS. Advantages and disadvantages, as well as potential costs and benefits from the qualitative perspective of the policy options and the preferred options resulting from this analysis, are provided.

#### Alternative Standardized Approach: Focus on certain steps of the calculation process, instead of asking for information on every single step

The EBA considered two policy options regarding the granularity of the templates related to the process for calculating own funds requirements under the Alternative Standardised Approach.

**Option 1a: To request, in the templates related to sensitivities-based method, information on main steps of the calculation process for the calculation of the own funds' requirements under the Alternative Standardised Approach**

**Option 1b: To request, in the templates related to sensitivities-based method, information on every single step of the calculation of the own funds' requirements under the Alternative Standardised Approach**

The calculation process of the own funds requirements for market risk under the Alternative Standardised Approach contains multiple separate computations related to the different subtypes of risk and risk factors associated with instruments subject to market risk (sensitivities-based method), the residual risk add-on and the own funds requirements for default risk. In order to report these computations, the EBA proposes in its draft ITS to add thirteen templates (of which 8 are related to sensitivities-based method, 1 is related to residual risk add-on and 4 are related to default risk). The addition of these templates is deemed necessary and seen as a strong added value as they are related to the main elements of the calculation of the market risk own funds requirements.

Regarding the reporting on the computations under the sensitivities-based method, one possibility could have been to require institutions to report information on every single step of the calculation. This could have had the benefit for the institutions, that the reporting matches and mirrors the internal processes of the institution put in place for the different calculation steps, and takes their outcome. Furthermore, competent authorities would have been able to entirely re-perform calculations for monitoring purposes. However, reporting information on every step would be associated with a notable cost of compliance for the institutions and would trigger modifications of the templates whenever even a single small change in the calculation process would have occurred (due to regulation modifications, for instance). Also, in the light of the general purpose of the reporting – compliance monitoring and risk analysis – not all of the interim results obtained would be of the same importance for the competent authorities as recipient of the data, at least not on a continuous basis. On the other hand, while filling the templates, sharing information on the main steps of the calculation would still create synergies with their internal processes for the institutions

and this would be sufficient to allow competent authorities to perform their monitoring, while keeping institution's cost of compliance with the reporting requirement at a reasonable level.

On these grounds, **the Option 1a has been chosen as the preferred option** and thus the draft ITS requests to disclose in the templates related to the sensitivities-based method the information on main steps of the calculation process for the calculation of the own funds' requirements under the Alternative Standardised Approach.

### Alternative Standardised Approach: Detailed Templates on sensitivities

The EBA considered two policy options regarding the reporting of sensitivities.

#### **Option 2a: To add a template on sensitivities details**

#### **Option 2b: Not to add a template on sensitivities details**

The sensitivities to risk factors are very crucial input to the calculations of the sensitivities-based method of the Alternative Standardised approach. Even institutions with a small to medium-sized portfolio of instruments and positions subject to market risk have to determine a significant number of sensitivities to capture the risk associated with those instruments and positions.

Detailed information on sensitivities could enable supervisors to assess the quality of that input, and would therefore be of added value for the supervision and the monitoring of the market risks, and the compliance with the associated own funds requirements.

However, it is not expected that supervisors would engage in an analysis of this very detailed data with a frequency that warrants quarterly reporting of such detailed information. Such information on sensitivities, and institutions' ability to determine them, is already being scrutinized as part of the Supervisory benchmarking exercise (annual reporting), although that exercise is focused on theoretical (rather than the institutions' actual) portfolios. Hence, even though the template included into the ITS on FRTB reporting was aligned with the template used in Supervisory Benchmarking and a certain degree of synergy could be thus achieved, overall, the cost for institution of producing additional templates on sensitivities details would exceed the potential benefits in the EBA's view.

On these grounds, **the Option 2b has been chosen as the preferred option** and thus the draft ITS does not include a template on sensitivities details.

### Alternative Standardised Approach and Internal Model Approach: Offsetting group-based reporting

Article 325b of the CRR foresees that, for the purpose of calculating net positions and own funds requirements on a consolidated basis, institutions can use positions in one institution or undertaking to offset positions in another institution or undertaking, where they have obtained the

permission of the competent authority to do so. A group of entities whose positions are allowed to be offset against one another, as well as any individual entity excluded from such offsetting, is called an 'offsetting group' in the proposed reporting framework. In this context, the EBA considered two policy options for the level of reporting the data in the templates:

**Option 3a: To request institutions to report the data at the usual level of consolidation (banking group) and at the level of all offsetting groups**

**Option 3b: To request institutions to report the data at the usual level of consolidation (banking group) and at the level of offsetting groups, but only for offsetting groups which meet certain criteria**

The draft ITS foresees that institutions will have to fill fourteen templates for the Alternative Standardised Approach and thirteen templates for the Alternative Internal Model Approach. Amongst those twenty-seven templates, twenty-four templates are – given their nature – concerned by the question raised above on the level of reporting of data. They include information on the steps of the calculation process that involve possible offsetting of market risk positions. These statistics show, that the choice to be made may have a significant impact.

Requesting institutions to report at the level of the offsetting groups would provide competent authorities with the means to monitor the compliance of the institutions with the offsetting rules and facilitates checking the consistency of the data inside the template. Therefore, requesting data at the level of offsetting groups was deemed necessary. On the other hand, filling in the templates for all offsetting groups, i.e. providing a larger, more granular data set, would be associated with a comparatively higher cost of compliance with the reporting requirements. Even though this cost of compliance could be attenuated, to some degree, by the fact that the data provided corresponds more directly to outputs generated by institutions anyway (i.e. irrespective of the reporting requirements) and that the necessary level of data quality could be achieved in an easier manner, it is expected to become significant in situations where the number of offsetting groups inside a banking group is high. For that reason, and because the exposure to market risk of a small offsetting group (e.g. single-entity offsetting groups) may be limited, it may be justified not to request institutions to report data for all offsetting groups. On these grounds, **the Option 3b has been chosen as the preferred option** and thus the draft ITS requests institutions to report the data at the usual level of consolidation (banking group) and at the level of offsetting groups, but only for offsetting groups which meet certain criteria.

#### D. Conclusion

The draft ITS will amend the Commission Implementing Regulation (EU) 2021/453 and as such update the reporting requirements on own funds requirements for market risk, as they are calculated in accordance with the FRTB framework. This update of the reporting requirements will trigger the need of producing additional data for institutions, to fill in the templates. However, the costs related to this production will be mitigated by the fact that the reporting follows the main steps of the computation process (which makes it easier to fill the templates in and use the data).

The major benefit of the proposal is that it provides the competent authorities with the means to monitor and follow up the computations performed by the institutions. Overall, the impact assessment on the draft ITS suggests that the expected benefits are higher than the incurred expected costs.

## 4.2 Feedback on the public consultation

The EBA publicly consulted on the draft proposal contained in this paper.

The consultation period lasted for three months and ended on 21 June 2023. 11 responses were received, of which 8 were published on the EBA website.

This paper presents a summary of the key points and other comments arising from the consultation, the analysis and discussion triggered by these comments and the actions taken to address them if deemed necessary.

In many cases several industry bodies made similar comments or the same body repeated its comments in the response to different questions. In such cases, the comments, and EBA analysis are included in the section of this paper where EBA considers them most appropriate.

Changes to the draft ITS have been incorporated as a result of the responses received during the public consultation.

### Summary of key issues and the EBA's response

Many of the respondents raised concerns regarding the volume of information to be provided in accordance with the amended ITS, both by ASA institutions and AIMA institutions. Among features triggering that volume of information, the offsetting group breakdown was identified as the most concerning one by nearly all respondents. In response, a materiality criterion was introduced. While respondents had further suggestions on which other granular data should be removed, views were mixed. Taking some of the suggestions on board, some of the templates were streamlined (e.g. the weighted sensitivities were removed from the ASA templates, or certain partial expected shortfall values were removed by the AIMA templates).

Another major concerns of the respondents is the envisaged application date, in conjunction with the fact that the CRR3 will introduce some changes to the FRTB policy framework that may have an impact on the reporting. In order to address this concern, the targeted application date was postpone from 30 September 2024 to 31 March 2025, aligning it with the application date of the CRR3 specified in the provisional agreement reached. The templates and instructions have been updated to reflect the CRR3 framework as shown in that provisional agreement.

## Summary of responses to the consultation and the EBA's analysis

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<b>General comments</b>			
Application date	<p>Three respondents request a postponement of the application date to the point in time when the FRTB will become the binding framework for calculating own funds requirements.</p> <p>They argue that the early introduction of the FRTB reporting requirements, while the current own funds requirements for market risk are still applicable, creates complexity for institutions. One respondent considers it a significant and unnecessary burden to establish manual processes for the benefit of reporting for one quarter. That respondent also believes that cost of implementing some the reporting requirements without considering the CRR3 updates would result in costs outweighing any supervisory or risk identification benefits, and would require institutions to spend considerable time on developing processes and managerial reviews, when their focus should be on the smooth implementation of the FRTB for the purposes of calculating the own funds requirements. Another respondents points out that the same units in the institutions would be responsible both for the current market risk reporting and the FRTB reporting, entailing significant resource constraints. That respondent advocates maintaining the current FRTB reporting (C 90, C 91) until the parallel reporting of the current and FRTB framework has been discontinued.</p>	<p>The EBA understands that expanding the reporting before the FRTB become the binding framework for calculating the own funds requirements for market risk is associated with a noteworthy cost of compliance. At the same time, the legislator considered it the reporting the first step towards the full implementation of the FRTB framework in the Union. Institutions need to build up the operational capacity to perform all the calculations necessary according to the FRTB framework; and the expanded reporting is one of the means to verify that the calculations are performed correctly.</p> <p>The draft ITS and its annexes have been aligned to the extent possible (in the light of the fact that the agreement reached is of provisional nature) with the provisions of the CRR3.</p> <p>In acknowledgement of some of the concerns raised, the EBA has changed the targeted application date for the vast majority of the amendments from 30 September 2024 as the first</p>	<p>Targeted application date postponed to 31 March 2025</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
Proportionality (granularity), volume of the information to be reported	<p>Two respondents note that the EBA’s objective when designing the templates was twofold, aiming to reflect each and every step of the process of calculating own funds requirements and facilitating the monitoring of risks. The respondents understand those objectives, but deem it necessary to introduce some elements of proportionality to avoid undue complexity. In the respondents’ view, proportionality should not be understood only as adapting the reporting requirements to the size of the institution, but as well as adapting the granularity of the reported information to the levels of significance of the institution’s overall risks and own funds requirements.</p> <p>Two respondents note that the number of templates that institutions are asked to fill in, combined with the very high granularity of the information to be provided (displaying all the risks, all the buckets, for each type of underlying), as well as the very detailed level of information on every intermediate calculation step, triggers a very high costs of compliance for institutions. One of them considers the increase of the reporting requirements as suggested in the consultation paper (29 templates) disproportionate. That respondents also mentions that institutions report already a lot of information on the positions subject to the FX framework to supervisors as part of COREP or in other contexts. The respondent also requests further justifications why the templates or specific cells are necessary. He</p>	<p>reference date to 31 March 2025 (subject to the six months minimum implementation time prescribed in Article 430 CRR), aligning it with the likely application date of the CRR3.</p> <p>The EBA acknowledges that the expansion of the FRTB reporting requirements is significant. Nevertheless, the thresholds embedded in the CRR means the reporting will apply only to entities exposed to noteworthy market risks (unless entities voluntary apply the more sophisticated ASA), attracting more detailed scrutiny by the supervisors.</p> <p>The current reporting on market risk, especially the reporting on the positions in scope of internal models, is very high level and was deemed to be insufficient to form a picture about the institution’s market risk without going on-site.</p> <p>It is the EBA’s expectation that aligning the reporting closely to the calculation of the own funds requirements will ultimately reduce the ‘added-on’ cost of compliance with reporting requirements, compared to a situation where the institution had to comply with the prudential requirements</p>	<p>Certain elements of the reporting requirement were removed or reduced, for example:</p> <ul style="list-style-type: none"> <li>▪ Reporting at the level of the banking group and the level of every ‘material’ offsetting group, instead of reporting of information on every offsetting group</li> <li>▪ ‘voluntary ASA applicants’ only have to report the summary template (C 91.01) and do not have to report P&amp;L data</li> <li>▪ Weighted sensitivities were dropped in the ASA SbM-templates</li> <li>▪ The reporting of PES by liquidity horizon (except one) was dropped in the AIMA templates</li> <li>▪ No breakdown by offsetting group for the P&amp;L template</li> </ul>



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>suggests replacing the requirement to report on the detailed steps on a continuous basis, by one to provide further details upon request, and argues that only a small part of the data feeds into supervisory decisions regarding the institution.</p> <p>Another respondent, stating that he would have to fill roughly 150 templates with 200 000 data points, equally considers the volume of information to be reported disproportionate to the benefits.</p> <p>Another respondent acknowledges that many of the data points reported in the ASA templates are available as input variables or natural interim results in the context of the calculation of the own funds requirements and deems the proposed granularity comparable to the granularity of the existing templates for the Simplified Standardised Approach. Because of the model-related higher complexity and the large number of data points, he nevertheless expects the deployment efforts for the expansion of the delivery routes to be relevant.</p>	<p>without any reporting being in place. There is also an intrinsic element of proportionality, that adjusts the amount of information actually reported to the complexity of the institution's portfolio: Where an institution has no commodities exposures, they do not have to fill in the commodities templates, for example. Equally, if the institution only invests for example in positions and exposures denominated in its reporting currency and that of a neighbouring country, it might report as little as one row in the FX templates.</p> <p>Nevertheless, the volume of information to be reported was reduced to some extent, taking on board some suggestions made by respondents to the consultation (please see 'amendments to the proposals'-column on the right and responses to other comments made further down in this table).</p>	
<p>Legal basis and integration into the ITS on Supervisory Reporting</p>	<p>One respondent wonder whether the reporting requirements will be maintained in the final version of CRR3, and how they will be implemented, given that article 430b has been deleted in some versions of CRR3. The respondent also wonders about the possibility of transposing these requirements into a supervisory ITS.</p>	<p>The proposals for the CRR3 which remove Article 430b CRR envisage, at the same time, the addition of new paragraphs (2a) and (2b) to Article 430 CRR, i.e. the 'nominal' reporting requirement is moved (and changed in substance to a small extent, as the 3-</p>	None

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
		<p>years-after-last-RTS rule regarding the starting date for AIMA reporting is removed, and the reporting population changes slightly), but remains in place.</p> <p>Effectively, the requirement to report will be based on either Article 430b or Article 430(2a) and(2b) CRR, until the FRTB becomes the binding framework for calculating own funds requirements, and on Article 430(1) CRR, afterwards.</p>	
Reporting on the current standardised approach (future Simplified standardised approach, SSA)	One respondent acknowledges that modifications to the existing templates for the Simplified Standardised Approach are not the focus of the consultation, but nevertheless points out that, in his view, the objective should be to make modifications as pragmatically as possible without increasing complexity, and to announce them as early as possible.	The EBA takes note.	None
Reporting frequency and submission deadlines	One respondent welcomed the proposed retention of quarterly reporting for the ASA. He suggested extending the submission deadline for the additional reporting of ASA data for the transitional period until the FRTB approaches become the binding approach for calculating own funds requirements.	The templates C 90.00 and C 91.01 are currently already reported by the 'common' submission deadline of reference date plus six weeks. As only one respondent raised an issue, this suggestion was not taken on board.	None
Scope of reporting entities	One respondent notes that Articles 3, 3a and 3b of the draft ITS are addressed in each case to institutions that apply one of the (new) Alternative Approaches. He assume that, at the time of the planned first application of the ITS on FRTB Reporting that is the subject of the consultation (30 September 2024), institutions will still be applying the	Article 430b CRR identifies the entities that (currently, i.e. under the CRR2) have to report the ASA data as those whose trading book respectively business subject to market risk exceeds	None

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>previous approaches for calculating own funds requirements, as the CRR3 is not yet applicable. Against that background, the respondents notes that it is not clear which templates are to be submitted in the interim period until the application of CRR3. He seeks a clarification, to avoid cases where an institution is required to temporarily report templates for an approach that it will not use when CRR3 comes into force.</p>	<p>the thresholds of Article 94 and 325a CRR.</p> <p>Once the ‘nominal’ reporting requirement is moved to Article 430(2a) and (2b) CRR, i.e. when the CRR3, including the changes to Article 325a CRR apply, the entities subject to the reporting requirement would be determined by Article 325a CRR (i.e. entities whose business exceeds the threshold of Article 325a CRR).</p> <p>There is the possibility that an institution has to comply with the ‘nominal’ FRTB reporting requirement, but not the ‘compliance’ reporting requirement later on, if</p> <ul style="list-style-type: none"> <li>▪ The change of the definition of the threshold of Article 325a CRR implies that the institution is no longer part of the reporting population or the institution scales down its business subject to market risk significantly between the date of application of these amending ITS and the date of application of the FRTB as binding framework for the calculation of own funds requirements.</li> </ul> <p>The first issue has been mitigated, to some extent, by the postponement of</p>	

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
		the application date to a date after entry into force of the CRR. The second issue is outside the scope of what the ITS can account for.	
<b>Responses to questions in Consultation paper EBA/CP/2023/03</b>			
<b>Question 1. Offsetting group-based reporting</b>	<ul style="list-style-type: none"> <li>a) Did you identify any issues regarding the implementation and use of the offsetting group-concept of Article 325b CRR in the context of these ITS?</li> <li>b) Are instructions regarding the reporting by offsetting group clear? If you identify any issues, please include suggestions how to rectify them.</li> </ul>		
Level of application of Articles 94 and 325b CRR	Four respondents discuss the interpretation of Articles 94 and 325a with regards to offsetting groups. In the light of contradictory statements on this topic during the public hearing, they ask for clarification, for example for the case of two offsetting groups, one of which has a significant trading book in accordance with Article 94(1) of CRR, and offsetting group 2, with little to no trading book business.	The reporting requirements as they currently stand (see template C 90.00) assume that the thresholds of Articles 94 and 325 CRR have to be assessed at the level of the banking group, where the provisions of the CRR are applied at consolidated level (e.g. Article 11 CRR), and not at the level of the offsetting group. This, in combination with Article 325b CRR, may result in an offsetting group (especially 'single entity offsetting groups') having immaterial exposures to market risk. If an offsetting group does not have material exposures to market risk, the volume of information actually included in the sheets corresponding to the offsetting groups would be very limited (see also	None

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<p>Cost of compliance associated with the reporting by offsetting group and materiality thresholds</p>	<p>One respondent supports the reporting of information for every offsetting group in accordance with Article 325b CRR.</p> <p>Six respondents consider the reporting at the level of the offsetting group very burdensome.</p> <p>One respondent considers the reporting at this level as unnecessary and should be a supervisory tool that should be utilised on a case-by-case basis. That respondent argues that the breakdown by offsetting group, and reporting at that level, does not align with institutions' risk management practices or practices for calculating and allocating capital. For that reason, he contests the rationale that reporting at the offsetting group level corresponds more directly to outputs generated by institutions.</p> <p>Seven respondents demand to limit the reporting by offsetting group, if requested, to cases where the offsetting group has a material exposure to market risk. They argue that there are many single entity-offsetting groups in a banking group with insignificant exposures to market risk. The respondents suggest various alternatives and materiality criteria, including:</p> <ul style="list-style-type: none"> <li>▪ Reporting of simplified templates for non-material offsetting groups</li> <li>▪ Reporting of information on immaterial offsetting groups as an aggregate</li> <li>▪ Reporting only at the level of the banking group</li> </ul>	<p>response on proportionality aspects under 'general comments').</p> <p>The original proposal considered the following aspects, among others:</p> <ul style="list-style-type: none"> <li>▪ Data at the level of an offsetting group is easier to interpret, especially where two offsetting group hold opposite positions in the same instrument/risk;</li> <li>▪ It may be operationally easier for the institution to just report the information for the offsetting group (that it has to obtain anyway for the purposes of complying with the substantive requirements), instead of having to aggregate across offsetting groups;</li> <li>▪ Even in case of limited exposures to market risks – in the sense of low RWEA for market risk – there may be a need to scrutinize the institution's application of the provision of the CRR (e.g. to check if the provisions on capitalising foreign exchange risk vs. the 'structural FX'-exemption were correctly applied).</li> </ul> <p>Even if the supervisor has to grant a permission to offset positions in</p>	<p>Reporting at the level of offsetting groups reduced, so that only information on offsetting groups with a material exposure to market risks ('material' offsetting groups) is reported (plus information on the 'sum of all offsetting groups').</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<ul style="list-style-type: none"> <li>▪ Identification of material offsetting groups based on their contribution to the own requirements or own funds (&gt;1%, in in C 06.00)) or their contribution of market risks to the overall RWEA (&gt;10%).</li> </ul> <p>One respondent argues that the supervisor has already all the necessary information, as institutions need to apply for a permission to offset positions.</p>	<p>different entities, and therefore has information on the structure of the group, he has no continuous information on the offsetting group's exposures to market risk and their development.</p> <p>However, the EBA acknowledges that the volume of data to be reported can be very high, especially where institutions have not made the effort of requesting the permission to offset positions between many entities of their group, and that, therefore, possibly also the cost of compliance associated with this reporting may be high.</p> <p>Against that background, the reporting requirement was modified to (a) request data for the sum of all offsetting groups (equivalent to the banking group) in any case and (b) request otherwise only information on 'material' offsetting groups, and only if the information is not already available to EU supervisors because of reporting obligations applying to entities at individual level. Offsetting groups are deemed to be material, if the institution made the effort to request a permission to offset positions between entities (i.e. the offsetting group includes more than</p>	

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
Offsetting group and IRT	<p>One respondent asks to clarify how the standalone capitalisation of any potentially introduced Internal Risk Transfer (IRT) desk should be reflected in the reporting. That respondent point out that that desk operates in a similar way to an offsetting group, but warns that a similar approach to the presentation of this desk in the templates could lead to a significant increase in offsetting groups.</p>	<p>one entity), if the offsetting group contributes at least 5% to the market risk RWEA of the group (as the significance of entities that offsetting group for the group’s business subject to market risk may be quite different from their significance for the overall business) or if at least one entity in the offsetting group has a permission to use the AIMA.</p> <p>The EBA has evaluated different options for reflecting the IRT portfolio (ASA) respectively IRT desk (AIMA) in the reporting, including the presentation as a separate offsetting group.</p> <p>Based on the assumption that the IRT portfolio respectively desk, considering the requirement of Article 106 CRR3 would not likely be material for European banks, the final proposal for the reporting request significantly less information on that portfolio/desk than on the remainder of the portfolio/desks. In the ASA templates, information on the IRT is only reported in the summary template. In the AIMA templates, only some of the templates need to reflect information for the IRT desk.</p>	<p>Separation of the information on the IRT portfolio / IRT desk from information on the remaining portfolio / other desks.</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
Offsetting groups in the remainder of COREP and specifically in C 06.02	On respondent seeks clarification whether the information pertaining to each individual entity, whose positions are not eligible for netting against the positions of any other group entity, should be referenced in other regulatory template (e.g., template C 06.02). That respondent sees a potential information gap, as the choice of identification/naming the offsetting group (appearing to be left open to institution's discretion) may lose significance if not read together with the legal entities that are comprised within.	The identification of the offsetting groups is standardised ('offsetting group 1', 'offsetting group 2 etc).  As explained in the background and rationale, it is envisaged to add the mapping between legal entities and offsetting groups to template C 06.02 of the ITS on Supervisory Reporting. That mapping is supposed to be consistent across templates and, ideally, also time.	None.
Resolution/consolidation scopes used internally by the entity	One respondent suggests that the supervisors should allow institutions using their internal resolution and consolidation defined groups.	This goes beyond the scope of the consultation.	None.
<b>Question 2. CIU reporting</b>	Is it clear how positions in CIUs are to be reflected in the three template groups (SBM, RRAO, DRC) of the ASA templates? If you identify any issues, please suggest how to clarify their treatment in the templates and/or instructions.		
CIU reporting	Six respondents agree that it is clear how to reflect positions in CIUs in the reporting, three of them conditional on the fact that the CRR3 provision are implemented/applied. With regard to the cost of compliance with the reporting requirement, one respondent welcomes that no separate templates for CIUs are being introduced.	The EBA acknowledges that the industry considers it clear how to reflect positions in CIUs in the reporting. However, the EBA has identified an issue regarding the requirement to treat certain CIU positions as standalone portfolios in accordance with Article 325j CRR3. Specifically, it may render the data uninterpretable if positions of a CIU that the institutions applies the mandate-based approach to, and positions included in the 'main' portfolio subject to the same risks	Presentation of information on CIUs that the institution applies the mandate-based approach to separate from the remaining portfolio



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<b>Question 3. Comments on the overall ASA reporting</b>	<p>a) Did you identify any issues regarding the representation of ASA (policy) framework in the reporting templates?</p> <p>b) Are</p> <ul style="list-style-type: none"> <li>• the scope of application of the requirement to report the different templates,</li> <li>• the scope of positions/instruments/profits and losses etc. included in the scope of every template,</li> <li>• the template itself and</li> <li>• the instructions</li> </ul> <p>clear? If you identify any issues, please clearly specify the affected templates and instructions and include suggestions how to rectify the issues.</p>	<p>would be reported in one and the same cell in the ASA templates (e.g. the correlation scenario applicable for the CIU and that for the 'main' portfolio may differ). For that reason, separate data points for those CIUs were created.</p>	<p>See above ('general comments' section, proportionality)</p>
<p>Volume of information to be provided, granularity (general)</p>	<p>One respondent accepts the reporting requirement as reasonable, considering that the information requested in the ASA templates corresponds to input variables to and naturally existing interim results of the calculation of the own funds requirements. That respondent also understands that the envisaged granularity is comparable to the granularity of the existing COREP templates C 18.00 to C 23.00 for the SSA, despite the overall high volume of the data and corresponding deployment effort.</p> <p>Two respondents acknowledge that the data request is and based on data and metrics already used in the calculation of FRTB-SA capital, but believe that the number of templates and the granularity of the information required add complexity, burden, and implementation costs to current</p>	<p>The templates are designed to include only information relevant for the calculation of the ASA own funds requirements, in order to minimise the reporting burden. However, The EBA recognises that obtaining the relevant information and completing the reporting templates can be burdensome in itself.</p> <p>Please refer to the response on proportionality in the 'general comments' section for examples for modifications made after the public</p>	<p>See above ('general comments' section, proportionality)</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>COREP requirements. Those two respondents suggest requesting the specific and more granular information for each of the risk classes only on an ad-hoc, and not on a regular basis.</p> <p>Three respondents consider that the information requests outlined in the ITS impose a significant burden and appear disproportionate compared to the intended benefits, as they imply significant interventions in existing processes that are not necessarily covered by current calculation frameworks.</p> <p>One respondent consider that the structure of the templates and the required breakdown of information is overly complex and will represent a formidable challenge to implement and maintain. That respondent deems requirement to report on offsetting group level as further exacerbating the issue. He argues that the level of complexity could be a discouraging factor for smaller institutions to opt in to use the ASA approach and motivate them to stay with the SSA, making the rollout of a group wide reporting solution based on ASA cumbersome.</p>	<p>consultation to reduce the amount of information reported.</p>	
<p>Volume of information to be provided, granularity: ITS templates vs. BCBS template (SbM)</p>	<p>Two of the respondents suggest keeping the reporting requirements (SbM templates) close to those of the Basel QIS, in terms of the amount of data and template layout. They consider that this will have the additional benefit of a simpler and faster implementation. For example, they suggest requesting only the information described in columns 1000 to 1080 (delta, vega and curvature per bucket and per scenario) for every risk class.</p>	<p>Industry observations that the (Basel) QIS follow a more streamlined approach than the proposed reporting templates are correct. However, the objectives of the two exercises are different. While the purpose of the QIS is to estimate the (industry-wide) impact of the revised framework, the new reporting templates and the information contained therein are</p>	<p>None</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
		<p>expected to form the basis for the supervision of individual banks with significant trading books or business subject to market risk. A more relevant comparison would be, for example, to compared the existing templates C 18 to C 23 of the current Standardised Approach (and future S-SA), which contain information at a similar level of granularity, with the templates presented in this final report.</p>	
<p>Volume of information to be provided, granularity: Sbm FX templates</p>	<p>As regards the FX template C 92.07.1 and C 92.07.2, two respondents deem the breakdown by all currency pairs to be too granular and to add little value for the supervisor. They suggest limiting reporting to the most important currencies and create an 'other' category for less significant currencies.</p>	<p>All information requested in templates C 92.07.01 and C92.07.02 is required as part of the ASA SBM calculation. The FX risk class of the SBM is comparatively less complex due to the limited number of risk factors and the simple bucketing approach by currency pair. Furthermore, institutions only have to report currencies that they are actually exposed to.</p> <p>Limiting the reporting requirement to a certain number of currencies would require the definition of a cut-off and materiality logic, as well as a logic for aggregating the 'other' currency pairs. This could be associated with a higher cost of compliance than the bucket-by-bucket approach. Limiting the reporting to a certain set of currencies may entail</p>	<p>None</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
Volume of information to be provided, granularity: unweighted vs. weighted sensitivities	With regards to the reporting of unweighted and weighted sensitivities, three respondents suggest dropping the reporting of weighted sensitivities. They argue that the weighted sensitivities can simply be derived by applying the prescribed risk weights stipulated in the CRR to the unweighted sensitivities reported. They point out that the challenge is to determine the unweighted sensitivities. One respondent also explains that weighted sensitivities are typically not stored as an interim result in institution's IT systems.	a misrepresentation of the institution's exposure to FX risks.  The EBA agrees with the argument provided and dropped the weighted sensitivities from the SbM templates.	Removed weighted sensitivities from the SbM templates
Alignment with the policy framework: Commodities buckets	One respondent asks whether buckets 3 and 3a, as shown in the SbM commodities template (rows 0030 and 0040 of C 92.06), should be considered as separate buckets.	They should be considered as separate buckets. The CRR3 (amendments to Table 9 of Article 325s) introduces the distinction between electricity (bucket 3), energy – EU ETS carbon trading (bucket 3a) and non-EU ETS carbon trading (bucket 3b).	Buckets in C 92.06 updated
Alignment with the policy framework: CSR non-securitisation buckets	One respondent points out that it is not clear whether the two sub-buckets of bucket 10 of the CSR non-securitisation class must be considered as different buckets or not (rows 0100-0110, columns 0230-1080). In the respondent's view, only one value for $K_b$ and one value for $S_b$ for bucket 10 shall be determined (i.e. sub-buckets are aggregated together although with different RWs).	The design of the template as originally presented in the consultation paper suggests that the credit spread risk of covered bonds in bucket 10 should be aggregated separately depending on whether they are assigned to CQS1 or CQS2/3. As no separate aggregation is required and only the relevant risk weights differ, row 0100 now captures	The template is amended so that covered bonds allocated to bucket 10 are reported in the same row regardless of whether they are allocated to CQS1 or CQS2/3. Row 0110 is turned into an 'of which'.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
Alignment with the policy framework: GIRR vega risk factors	One respondent seeks clarity regarding the question which 'tenor bucket' inflation vega sensitivities should be assigned to, and suggests including a dedicated column for it in template 92.01 GIRR. The respondent notes that, in general, FRTB rules are not clear on how to handle Inflation vega as there is no tenor dimension available.	all covered bonds, and row 0110 singles out those with CQS2/3 as an 'of which'.  Separate columns were added to the vega risk section of the template both for options on inflation and options on underlyings with cross-currency basis risk (over EUR/USD). All such options are to be reported in the same column, irrespective of the maturity of the option.	Addition of three columns to template C 92.01
Alignment with the policy framework: OFRs vs. bucket-specific sensitivities (SbM)	Two respondents seek a clarification, whether the 'own funds requirements in the different scenarios' (Article 325f(8) CRR) or the 'bucket-specific sensitivity (Article 325f(7) CRR) shall be reported in columns 1000 to 1080 of all of the SbM details templates. They point out that own funds requirements are only determined at the level of risk classes (GIRR, CSR, etc.), as reported in the summary template. They consider that the intention was to request the bucket level-sensitivities ( $K_b$ ), despite the instructions pointing to the 'own funds requirements'.  One respondent suggested including the specific ASA notation ( $S_b$ , $K_b$ , $CVR_k^-$ , $CVR_k^+$ , etc.) in the labels of the columns to enhance clarity.	The intention was, indeed, to request the bucket-level sensitivities in columns 1000 to 1080.	Labels in columns 1000 to 1080 of all SbM details templates update, and variable names/notation as used in the CRR added to the other labels.
Default Overlapping instrument types risk:	On respondents deems the breakdown by type of instrument (debt, debt derivatives, equity, equity derivatives, derivatives treated in accordance with Article 325w(7) CRR) as not free from overlaps, because derivatives treated according to Article 325w(7) would likely be instruments also accounted for in the other categories. That	There is indeed the possibility of overlaps between the existing types of instrument. In order to enhance clarity, a 'prioritisation rule' or 'decision tree' was added, according to which instruments shall be assigned to the	'Prioritisation rule' added to the instructions for the template

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>respondent also argues that this breakdown is not necessary for the DRC capital aggregation, and does not reflect the fact instruments in several categories may hedge each other. That respondent request to remove the breakdown should be removed.</p>	<p>325w(7)-row, if they fit, otherwise to the derivatives row, if they fit, and only lastly to the (non-derivative) debt/equity rows.</p> <p>Even though not each of the criteria directly influences the own funds requirement for default risks, the breakdown is built on the provisions of the CRR (mainly Articles 325v(2), 325w(1) to (7) CRR), e.g. based on the provisions for identifying the regulatory LGD.</p> <p>The breakdown is only required for the gross JTD amounts and does not aim to capture hedging relationships.</p>	
<p>RRAO template: Breakdown by asset class</p>	<p>Two respondents question the requirement to break down positions in scope of the RRAO charge by asset class. They consider that breakdown is not based on regulatory requirements and does not provide valuable information, especially in comparison to the time and effort dedicated to preparing the information. Therefore, they suggest dropping columns 0060-0100 from the template.</p>	<p>The breakdown by asset class it not based on regulatory requirements, but provides supervisors with a rough indication, if instruments with exotic features are concentrated in certain risk classes (and might possibly aggravate a materialisation of that risk). As for the prudent valuation reporting, where a similar breakdown exist, institutions are requested to made a best-effort allocation.</p>	None
<p>RRAO template: Breakdown of exempted positions</p>	<p>Two respondents suggest replacing the breakdown of exempted positions by reason for exemption with a single</p>	<p>Institutions need to know why they exclude a certain instrument from the RRAO charge, they would otherwise be</p>	None

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<p>RRAO template: Breakdown of instruments subject to a RRAO charge by type of exotic underlying or instrument category listed in the annex to the RTS on RRAO</p>	<p>value for exempted transactions, thus, eliminating columns 0020-0040.</p> <p>Two respondents consider the requested breakdown of instruments bearing other residual risks unnecessarily granular and of little value for supervisors or internal risk management. They also explain that one and the same instrument may fit into several of the categories listed in the template. They suggest to either use a higher-level breakdown (e.g. instruments with gap, correlation, pre-payment risk etc) that do not overlap, or drop the breakdown altogether.</p> <p>One of the respondents also deems the breakdown of instruments with exotic underlyings to granular.</p> <p>That respondent also argues that having to report back-to-back operations twice should be avoided.</p>	<p>unable to ensure their compliance with the RRAO provisions. The breakdown is kept.</p> <p>The breakdown of instruments bearing residual risks has been kept, but the rows were converted into ‘of which’-rows allowing institutions to assign one and the same instrument multiple times, if it has several features triggering the RRAO. Institutions need to know which RRAO charge to assign and why, and the list included in the RTS on RRAO constitutes a harmonised basis for the reporting that would ensure that the data reported by different institutions is comparable. Especially that harmonised understanding and the comparability would have been hampered, if the breakdown had been replaced by one by the ‘nature’ of the residual risk, for which ultimately no official definition exists, or by one allowing the institution to define its own categories (e.g. to highlight the ‘five most important sources of RRAO’).</p> <p>Nevertheless, several cells of the template were greyed out, so that the breakdown will only be reported for positions that an RRAO charge is calculated for.</p>	<p>Breakdown by feature triggering the RRAO charge converted into ‘of which’-breakdown, breakdown of the gross positions and of the positions exempted greyed out.</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<p>ASA reporting by AIMA institutions: ASA templates for the AIMA portfolio / overall portfolio</p>	<p>One respondent welcomes the EBA's proposal that FRTB AIMA institutions will report the ASA metrics to be determined in parallel at trading desk level as a single figure only, i.e. without populating the ASA templates in the same way.</p> <p>That respondents also requests to replace the requirement to fill in the ASA templates for (i) the non-AIMA trading desks and (ii) for all trading desks/institution-wide (including for the output floor) by just reporting the final two figures in template C 95, considering it a disproportionate duplication of effort to fill in the ASA templates. In particular, that respondent does not believe that the reporting of all ASA templates is necessary for the capital requirement at the level of the institution as a whole, and deems the summary template C 91 to be sufficient.</p>	<p>The EBA deems it necessary to obtain granular information about the ASA own funds requirements both for the AIMA portfolio and for the overall portfolio of the institutions, because those two measures directly influence the own funds requirements. The granular data allows the supervisor to verify, to some extent, if the calculations were performed correctly, and allows a direct comparison of the own funds requirements calculated on the basis of the AIMA and ASA for the same portfolio. In addition, and in particular with regard to the requirement to fill in the ASA templates for the overall portfolio, there is also the benefit of having comparable data for any institution with noteworthy exposures to market risk for the purposes of cross-institutional analyses of risks.</p>	None
<p>ASA-reporting by AIMA institutions: Information on AIMA desks</p>	<p>Two respondents ask for further clarification regarding the information that should be presented in the ASA templates by AIMA institutions. They consider the explanations given open to interpretation. They enquire whether all ASA templates, including all calculation steps metrics, should be filled in for AIMA desks, or only the results, and in the latter case, which specific cells and/or templates are expected.</p>	<p>Information for <u>individual</u> AIMA trading desks: Only the final own funds requirement calculated for the positions of each of those desks on the basis of the ASA are being reported, in the AIMA TDS template. No details on interim steps of that calculation have to be reported.</p>	None



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
		Information for the <u>AIMA portfolio and the overall portfolio</u> : All details need to be provided, in the same manner as for the ASA portfolio, i.e. all ASA templates have to be filled in.	
ASA-reporting by AIMA institutions: z-axis for 'scope'	One respondent suggested adding an example, to clarify and illustrate how to fill in the 'Scope' on the z-axis for an ASA or AIMA institution.	Please refer to Annex VII to this final report for examples.	None
<b>Question 4.</b> <b>Comments on the overall AIMA reporting</b>	<p>a) Did you identify any issues regarding the representation of AIMA (policy) framework in the reporting templates?</p> <p>b) Are</p> <ul style="list-style-type: none"> <li>• the scope of application of the requirement to report the different templates,</li> <li>• the scope of positions/instruments/profits and losses etc. included in the scope of every template,</li> <li>• the template itself and</li> <li>• the instructions</li> </ul> <p>clear? If you identify any issues, please clearly specify the affected templates and instructions and include suggestions how to rectify the issues.</p>		
Alignment with the policy framework: Capital surcharge (PLA <sub>add on</sub> )	Two respondents pointed out that CRR2 provisions might be amended by the upcoming CRR3 and that the ITS should reflect CRR3 provisions to the extent possible. As an example for statements not compatible with the CRR3, the respondents point out the provision on the capital surcharge ('PLA <sub>add on</sub> ' in the CRR3 terminology) for yellow vs. non-green desks, or the formula for calculating the k-factor of the surcharge.	As explained above, the objective is to request data that is compatible with the provisions of the CRR3. With regard to statements on the capital surcharge, the background and rationale was revised.	None
Volume of information to be provided,	Three respondents express concerns regarding the high volume of information to be provided and the associated high implementation cost. One of them considers it the	The EBA acknowledges that these ITS ask for substantially more information for the AIMA than the current ITS on	In the PES template, the partial expected shortfalls for every effective liquidity horizon, except

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
granularity (e.g. DRC templates)	<p>objective of the AIMA templates to assess and monitor the quality of the models, and questions the relevance of the granular information included in the templates for that objective,</p> <p>As a particular example, the three respondents point out the DRC templates (i.e., 98.01.1, 98.01.2, 98.02.1 and 98.02.2), that information included in which does not correspond to any interim result of the own funds calculation.</p>	<p>Supervisory Reporting asks for the currently used internal models. Among others, this is a result and reflection of the AIMA being focused on desks, and the need to meet the requirements prescribed in the PLAT and regulatory back-testing at that level.</p> <p>Regarding DRC templates, the EBA considers the information linked to prudential requirements, considering that Article 325bp sets out detailed requirements regarding the systematic factors, correlations, PDs, and LGDs, even though the exact numbers requested may not be interim results of the process of calculating own funds requirements. The information requested in the templates corresponds to a simple stocktake on the composition of the portfolio with regard to the probability and size of losses (based on PDs, LGDs and modelled correlations).</p>	<p>the effective liquidity horizon of 10 days, was removed, entailing a significant reduction in data points to be reported</p>
Summary template: 'extraordinary circumstances' column	<p>Two respondents sought further clarification on how to fill in the respective memorandum item in template C 95.00 (summary), where the competent authority allowed an institution to limit the add-on to the one resulting from overshooting under back-testing of hypothetical changes of the portfolio value.</p>	<p>The content of the column corresponds to a simple qualitative true/false statement, as to whether extraordinary circumstances were recognised at least in some parts of the reporting period. No further details are requested in the summary template. This is an auxiliary</p>	<p>Instructions clarified to clearly reflect the nature of the information requested through a clarification of the 'drop down' values</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
		item aiming to support the correct interpretation of the data received.	
Back-testing Business days	(BTDD): One respondent requested to clarify the requirement to include ‘any business day in the quarter’ stipulate in the instructions for templates C 96.04.2 (page 73 for c0020). Specifically, the respondent asks whether it is expected that the set of business days may vary for each individual trading desk or alternatively, whether institutions are expected to populate the same set of global business days across trading desks, with potentially only VaR and ES populated (and no corresponding APL, HPL or RTPL) on non-trading days for particular desks.	This question goes beyond the scope of this consultation.	None
Back-testing BTI): p-values	(BTDD, Two respondents asked for clarification concerning p-values, namely whether institutions were expected to compare the APL/HPL/RTPL results to the predicted risk distribution of the P&Ls used for calculating VaR and give it a percentile (i.e. p-value), or if institutions were expected to use historic APL/HPL/RTPL timeseries and calculate the p-value based on the corresponding VaR.	In order to calculate the p-value, the realised APL/HPL/RTPL results should be compared to the predicted risk distribution of the P&Ls of the risk measurement model. This understanding is in line with the ECB Guide to internal models, MR chapter, paragraph 92(b).	Clarification of the p-value calculation in the instructions, including for the case that the realised P&L is outside the range of the predicted risk distribution
Partial shortfalls	expected With regard to template C.96.03 (PES), one respondent sought confirmation that several rows with partial expected shortfall measures per date shall be reported, for the different broad risk factor categories and for all the positions in the portfolio as required in Art 325bb CRR. The respondent also asked whether institutions are expected to include the unconstrained ES in rows that refer to all risk factors.	The column originally called ‘scope of risk factors’ was renamed to ‘category of risk factors’ to be more in line with the terminology Article 325bb CRR.  One row for each broad category of risk factors and all risk factors is to be reported per date.	Minor label changes in template C 96.03

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
Terminology: 'for (all) IMA desks'	With regard to the labels in C 95.00 (summary), one respondent sought clarification on the different definitions of the wording 'for IMA desks' and 'for all IMA desks' in columns 0110 and 0120 respectively. That respondent suggested that the former refers to desks currently capitalized under AIMA (based on the outcome of back-testing and PLAT) and the latter to all desks in IMA scope (regardless of treatment).	<p>The column reserved for the unconstrained ES' has to be filled in for every row.</p> <p>The difference in labels was unintended, and has been rectified.</p> <p>But in the light of the comment made, it has been clarified everywhere in the instructions (and in the background-and a rationale), whether information is requested for (the scope of positions assigned to) desks that have been given the approval to use the AIMA or desks that met the back-testing and PLAT requirements, so that the AIMA can actually be applied for the purposes of calculating the own funds requirements ('positions considered in the calculation of <i>AIMA</i> as of the reference date').</p> <p>N.B.: 'AIMA' means approach, while '<i>AIMA</i>' (in italics) corresponds to the 'AIMA own funds requirements for AIMA desks' shown in c0110 of C 95.00. This differentiation has been used throughout the whole of Annexes III and IV.</p>	Clarifications of instructions and of labels in the templates
Validation rules	One respondent suggests making the validation rules public ahead of their application.	The EBA will develop the data point model, validation rules and XBRL taxonomy and make it available as soon as possible.	None

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<b>Question 5. Profit and loss data</b>	<p>The objective of this template is to obtain (economic) profit and loss values, that can be compared to the own funds requirements calculated on the basis of the FRTB approaches, i.e. which are, at least to some extent, conceptually compatible with the latter. Against this background, and as explained above, the instructions specify only certain ‘minimum requirements’ regarding the profit and loss data to be reported. Beyond those minimum requirements, institutions are free to make their own methodological choices.</p> <p>Does this approach work for you? Or do you need any further, or different, guidance regarding the elements of the P&amp;L and the scope of the positions to be covered by that P&amp;L? Which additional specifications could facilitate your compliance with this reporting requirement? Which general methodology would you envisage to allocate P&amp;L to the risk classes of the sensitivities-based method?</p>		
Purpose of the reporting: Horizontal review	Two respondents argue that horizontal reviews should be performed outside of COREP reporting, as an ad-hoc exercise, instead requesting quarterly data.	<p>The ongoing quarterly reporting of daily profit and loss data is considered necessary to monitor the adequacy of the A-SA capital requirement against realised market risk over time. Monitoring over time allows an assessment of whether A-SA is appropriately calibrated to cover market risk in different market phases.</p>	None
Interpretability of the data: Comparability between institutions	<p>One respondent welcomes the proposed pragmatic design of the reporting requirement (e.g. freedom of choice for the non-trading book or reporting existing P&amp;L metrics without further requirements), because this will save unnecessary effort. That respondents points out that the EBA itself comes to the conclusion that this approach may result in metrics that are not comparable across institutions. He fears inconsistencies resulting from this could lead to undesirable side effects, especially at the horizontal level.</p>	<p>As the respondent rightly pointed out, the pragmatic design of the requirement to report P&amp;L information may reduce the comparability of the information reported, which in turn may limit the potential for analyses. At this stage, flexibility is maintained as regards the concrete definition of the reported P&amp;L and the required breakdown in order to limit the implementation and reporting burden on institutions. Qualitative information reported alongside the quantitative P&amp;L</p>	None

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
		<p>reporting will help to make the data more meaningful, given the potential problems in comparing the submissions of individual institutions. The design of the reporting requirement may be reviewed at a later stage in the light of supervisors' experience in analysing the data, with a view to possibly standardising the requirement if common practices can be identified across institutions.</p>	
<p>Interpretability: Reference portfolio</p>	<p>Four respondents express doubts regarding the compatibility of the daily P&amp;L and the own funds requirement, because the trading book portfolio that is the basis for reporting the daily P&amp;L data is likely to change over the course of a quarter, while the own funds requirements reported reflect the end-of-the-quarter portfolio.</p>	<p>The fact that the regulatory calculation of ASA is only reported on a quarterly basis (and executed on a monthly basis in line with Article 325c(2) CRR3), while the required profit and loss data is reported on a daily basis, does not limit the usefulness of the reporting requirement. While trading books are, by definition, constantly changing in composition and risk, the Pillar 1 calculation does not typically reflect these changes on an ongoing basis, implying that the calibration should be sufficiently conservative to account for potential changes in risk between reporting dates as reflected in the magnitude of daily profits and losses.</p>	<p>None</p>
<p>Reporting population</p>	<p>Two respondents suggests that only AIMA institutions should fill in the template, and that it should only used as a</p>	<p>The request is not related to the P&amp;L attribution test of the AIMA framework.</p>	<p>None</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>supervisory tool to ensure institution-specific PLA test works appropriately, if the aim is to capture data relevant to P&amp;L Attribution (PLA).</p>		
Cost of compliance	<p>Three respondents consider the P&amp;L reporting excessively burdensome.</p> <p>Two argue that daily data is not useful for the comparison against the own funds requirements calculated on the basis of the FRTB approaches, and point out that there are also challenges in clustering P&amp;L within different risk factors. They argue that the granularity of the data requested goes beyond what is required to comply with Article 105(3) of the CRR. They deem the complexity of meeting the reporting requirement greater for ASA institutions.</p> <p>The third respondent argues that a regulatory requirement for back-testing or reporting of P&amp;L metrics exists only for AIMA institutions, but not for ASA institutions. He deems the provision of daily P&amp;L metrics, in particular also for each offsetting group, to be associated with significant additional effort. In his view, the breakdown of P&amp;L metrics by risk class even exceeds the back-testing requirements as reported in the C 96.04.x- templates.</p> <p>Another respondent deems the cost of compliance uncalled for for the many EU institutions that do not use the AIMA, and for which profit and loss data are not part of the calculation of the own funds requirements for market risk. The respondent considers that any entity not qualifying as 'small and non-complex' (SNCI) would have to comply with the reporting requirement. In the respondent's view, developing new systems to report daily figures in the quarterly reporting will imply a considerable effort and cost</p>	<p>With respect to the reporting of profit and loss data, the significant additional burden identified by industry that would result from requiring this information at the level of the offsetting group is recognised. Given that profit and loss information tends to be additive when aggregated, the requirement to provide this information by offsetting group is removed while retaining the general requirement.</p> <p>The threshold of Article 325a CRR is calibrated, so that only institutions with significant market risk are subject to the ASA, i.e. there is built-in (intrinsic) proportionality. Nevertheless, in recognition of concerns raised, the reporting of profit and loss data is made voluntary for those institutions that do not have material market risk exposures as defined in Article 325a CRR, but apply ASA on a voluntary basis.</p> <p>Please also refer to responses to other comments in this section.</p>	<ul style="list-style-type: none"> <li>▪ Elimination of the breakdown by offsetting group for C 99.00</li> <li>▪ Exemption of 'voluntary ASA applicants' from the reporting of this template (voluntary reporting possible)</li> </ul>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>for many smaller institutions that fail to meet all the conditions for qualifying as SNCI. The respondents advocates using other measures, such as ad hoc monitoring exercises, with an appropriate sample of participating institutions, instead of regular reporting, for the purposes of calibrating the FRTB framework, in order not to add more reporting burden for the many European institutions that do not use the AIMA and do not qualify as SNCI. The respondent considers the reporting to go beyond the mandate of Article 430b CRR for institutions only using the ASA.</p> <p>Three respondents consider that the requirement to provide daily P&amp;L data for each offsetting group means a significant increase in cost of compliance, especially as the breakdown by risk classes exceeds the current requirements for internal models. They suggests that the P&amp;L should only be provided as of the end of the quarter. They request to allow institutions to allocate the P&amp;L to risk classes based on internally used P&amp;L explanation functionalities.</p>		
Duplication of already collected information	Three respondents believe that the information included in template C 99.00 is being delivered in other COREP templates, unrelated to the FRTB, that contain the official risk information and the same measure sought in this proposed report.	The required information is not currently reported in the required format as part of the EBA reporting framework (data collections by NCAs on this topic based on a national legal basis, if any such exist, are outside the EBA's remit)	None
Methodologies: Allocation to risk classes	One respondent explains that their internal reporting includes an attribution of profits and losses to product classes, instead of risk classes. He notes that there will be	The allocation of profits and losses to the risk class level based on the main risk driver of a desk, portfolio or instrument type is within the range of methodologies that can be used within	None



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<p>Methodologies: Intraday P&amp;L, profits and losses not attributable to market risk</p>	<p>positions which straddle more than one risk class, so that institutions will be unable to disaggregate the reported P&amp;L.</p> <p>Three respondents enquire whether the P&amp;L of intraday deals should be included in the data.</p> <p>Three respondents point out that there may be profits and losses arising from arbitrages, bid-ask spreads, and commissions. They seek a clarification, whether these should be included in the template, and if yes, whether they should be reported in the 'Total'-column as a complement to the P&amp;L that a risk factor has been assigned to.</p>	<p>the broad methodological freedom allowed for allocation.</p> <p>The instructions suggest using the institution's internal definition for P&amp;L reporting as the basis for filling in the template (methodological freedom is granted). Elements, such as intraday trades, bid-ask spreads or commissions, should be treated as they are treated for the purposes of that internal reporting.</p> <p>The instructions have been revised to clarify that institutions are not expected to allocate these effects to risk classes, but may instead limit the allocated P&amp;L to gains and losses driven by changes in market risk factors.</p>	<p>Minor clarifications in instructions</p>
<p>Comments and explanations</p>	<p>In the light of the fact that the template contains daily data, three respondents ask whether the 'Comments and explanations'-fields should be filled in mandatorily for every day or only optionally.</p>	<p>The instructions already specify that it is not necessary to fill every single row, more specifically, information needs to be provided</p> <ul style="list-style-type: none"> <li>▪ (only) in the row corresponding to the first (consulted: last) business day of the reference period, if the approach applied was the same for the whole reference period,</li> <li>▪ (and) in the row corresponding to the first date where an amended approach was applied, if the</li> </ul>	<p>None</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
		<p>approach changed during the reference period,</p> <ul style="list-style-type: none"> <li>▪ (and) in the row corresponding to the date, where a different approach was applied only on that (e.g. if the rows normally only include the result of the revaluation of trading book positions, but the data for the three ends of the month in the reference period also includes the revaluation result for banking book positions).</li> </ul>	
<b>Question 6. Reporting on reclassifications between books</b>	<p>a) Did you identify any issues regarding the representation of the prudential framework for reclassifications and the associated own funds requirement in the reporting template?</p> <p>b) Are the scope of application of the reporting requirement, the scope of transactions to be reported in the template, the template itself and the instructions clear? If you identify any issues, please include suggestions how to rectify them.</p>		
<p>Application date for the boundary and reclassification provisions</p>	<p>Three respondents highlight the fact that, according to the EBA no-action Letter on 27 February 2023, institutions plan to start applying the framework on 1 January 2025, in alignment with the entry into force of the FRTB regulation.</p> <p>Two respondents expect the use of the MOV template to be limited to marginal circumstances.</p>	<p>As stated in the <a href="#">EBA no action letter</a>, competent authorities should not prioritise any supervisory or enforcement action in relation to the boundary and reclassification requirements (including the reporting requirements) until the adoption of the legislative proposal achieving the full implementation of the FRTB, also taking into account any transitional period provided for therein.</p>	None

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
Information already available to CAs due to approval	Two respondents question the added value of the template. They argue that the current proposal for the CRR3 requires that all reclassifications must be approved by the competent authorities in advance and subsequently disclosed.	It is true that the competent authority has to approve most of the reclassification, but the information that it has is incomplete. For example, there is the exemption of Article 104a(6), CRR, in conjunction with 104(2), point (d), CRR (reclassification required because of the accounting standards), or the competent authority may not know at the time of approval when the position will be derecognised. The MOV template closes that gap.	None
Definition of reclassification, reclassification vs. risk transfer	Three respondents ask for clarification regarding the use of the MOV template in cases where an instrument effectively belongs to the trading book, and it is impossible to calculate the requirement using the reference regulations of the trading book (e.g. CIUs where an institution is unable to apply the Look-Through Approach (LTA) or does not have the related mandate). Another respondent expresses the concern that the perimeter of application of the template is not very clear. He explains that he has submitted a request to provide clear and explicit definitions of 'risk transfer' and "trading/banking book reclassification" to the European Commission, and provides proposals for the definitions of those two terms.	This matter goes beyond the scope of this consultation (an interpretation of the CRR3 provisions is required).	None
Materiality threshold	One respondent suggests the introduction of a materiality threshold based on notional of the transaction to be reclassified, e.g. 1% of total RWAs or similar, arguing that the	There is no materiality threshold in the prudential framework. For that reason, and because the information included	None

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	requirement to recalculate the RWEA, provide comments etc. will lead to disproportionate implementation and maintenance efforts under certain business models.	in the MOV template is supposed to provide background for and (fully) explain the own funds requirement to be reported in C 02.00, no materiality threshold was introduced for reporting either.	
Own funds requirements as of the reference date	One respondent asks for clarification whether the data in columns 0070 and 0080 (now 0090 and 0090, net increase/decrease of the own funds requirements and addition to the own funds requirements) as of the reclassification date or as of the reporting date.	The value as of the date of the reclassification and value as of the reference date are the same.	None
Reclassification of multiple instruments	<p>Three respondents argue that the template should allow aggregated presentations across multiple transactions to be included in appropriate cases (e.g. reclassification of a whole portfolio, in case of a modification of the business model under IFRS9; reclassification of an equity and an associated hedging instrument, if the equity gets delisted). The reporting should, in their opinion, reflect the higher accounting level / the set of instruments reclassified and there should not be a reporting at the level of each individual instrument in such a case.</p> <p>One of the respondents highlights that it is not clear how institutions should allocate the diversification benefit, if there is more than a single reclassified item. The respondent explains that institutions typically calculate the capital impact of the reclassification including all instruments together, especially if such instruments are part of the same strategy and aim at hedging each other. So, in order to fill column 0070 (now column 0080), institutions would need to</p>	This matter goes beyond the scope of this consultation (interpretation of CRR3 provisions required).	None

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	leverage an allocation methodology that is undetermined as of now.		
Standardised reason for reclassification	One respondent considers it beneficial to have standardised options to provide 'Reasons for reclassification'.	As explained in the background and rationale, the EBA will consider standardising the reasons for rejection, once the Guidelines referred to in Article 104a(2), paragraph (1), second subparagraph, CRR3, have been drafted.	None
<b>Question 7. Reporting on the boundary between trading and banking book</b>	<p>a) With regard to the data to be provided in such a template, which measures (book value, notional value, market value, other measure) do you deem most appropriate for the monitoring of the boundary between the books? Which measures do you use or plan to use for your monitoring of the allocation between the two books and can you therefore provide, considering possible breakdowns by instrument type or element of the boundary framework (as per Article 104 of the draft CRR3), accounting treatment and allocation to regulatory books? Which breakdowns do you monitor internally, and are there any constraints regarding the use of certain metrics for certain breakdowns?</p> <p>b) Which benefits and challenges do you foresee as regards this reporting? Which issues should be taken into account or addressed, to maximise the benefit and reduce the cost of compliance with this particular reporting requirement?</p>		
Necessity and benefits of a boundary template, design in the light of internal breakdowns monitored, cost of compliance and proportionality	Three respondents do not see any benefit in adding templates dedicated to the boundary between regulatory books. They argue that the provisions of the CRR3 clearly define the elements on the basis of which institutions will have to redraw their internal policies for determining which instruments should belong to the trading book and which to the banking book. Since the legal provisions for the boundary are already comprehensive and stringent, especially when read in conjunction with reclassification issues, the introduction of an additional template dedicated to the boundary between regulatory books would bear any	<p>The EBA takes note of the comments, but insists on the need to ask for data supporting the monitoring of an institution's compliance with the boundary rules. Information on the reclassifications, as reflected in the MOV template, is not considered sufficient.</p> <p>The EBA understands that institutions follow a more qualitative approach for setting and monitoring the boundary,</p>	

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>benefit for institutions, in the respondents' view, and y would only result in resources and time being spent on information already produced.</p> <p>Another respondent request that a boundary template should reflect the requirements of the CRR3, to avoid unnecessary temporary burden for implementing a template based on the CRR2 that does not add supervisory or risk management value, particularly in the light of the 'no action'-letter. That respondent considers that additional information on the boundary between Trading book (TB) and banking book (BB) should only be provided on an ad-hoc basis, if necessary, rather than on a regular basis, thus avoiding an unnecessary increase in the reporting requirements.</p> <p>One respondent considers that a boundary template may ensure that financial institutions fully enforce the regulatory criteria to allocate positions among the trading and banking books, avoiding capital arbitrage through the allocation in the wrong book and reducing the own funds requirements. In the respondent's view, this would install market discipline and ensure that the perimeter for calculating the own funds requirement under the FRTB is correct and comprises all the trading positions and FX/commodities positions in the banking book, and that those are capitalised through the correct macro-prudential rules. That respondent, and another respondent, explain that a level of detail and granularity comparable to the one of the breakdowns they monitor internally would not be relevant for the design of a boundary template, as the information is already included in other financial reports. In the two respondents' view, only exceptions from the internal policy should be reported, in</p>	<p>but does not consider this incompatible with a quantitative, and quasi ex post, reporting about the manifestation of those policies in quantitative terms (i.e. the amounts of instruments allocated to either book for a specific reason).</p> <p>While the measurement basis is not relevant for determining the allocation of an instrument to a book, it is relevant for measuring the size of the business subject to market risk (as reported in C 90.00), and therefore also for the integration of the boundary template into the broader set of information already included in the reporting framework (like C 90.00 or the credit risk templates).</p> <p>The EBA notes that the responses provided do not provide sufficient information to base the design of a boundary template on a set of common industry practices (or common breakdowns monitored). On the other hand, some of the aspects raised, like for example comments on the granularity of banking book information and proportionality considerations, will explicitly taken into consideration for the design of a future template (or templates).</p>	

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	<p>addition to trades between the TB and BB that could lead to RWEA savings.</p> <p>Another respondent considers that it will be very challenging to design a practical template for monitoring the trading book boundary with data that can be evaluated efficiently, because of the heavily qualitative criteria. The respondent expects a high level of cost and effort for complying with such a requirement. That respondent considers the reporting on the magnitude of market risk, as reflected in template C 90.00, sufficient. The respondent demands cost-effective reporting.</p> <p>Another respondent equally makes the point of a quantitative reporting in the light of qualitative criteria. He sees limited added value in providing quantitative data, considering that assignment to the TB/BB is based on qualitative criteria. The respondent also deems a quantitative breakdown on instrument type to be not particularly meaningful, since most instruments can be classified in both books. In addition, the respondent emphasizes that position, regardless of the classification, have to be capitalized properly and according to the respective approach for calculating the RWEA in either book. The respondent deems it sufficient that deviations from the presumptions in the CRR need to be pre-approved by the competent authority and that a reconciliation between trading book and banking book for accounting and regulatory purposes is included in the disclosure. He deems the benefits of adding a template on the trading/banking book boundary to be very limited, while the additional implementation and running and maintenance cost would</p>		

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	<p>be significant, especially if there is no proportionality principle for the obligation to report.</p> <p>As regards proportionality aspects, one respondents points out that reporting on the composition of the banking book would also affect all institutions without a trading book whose business model is often designed well away from any trading intent. The respondent does not consider this sort of reporting acceptable in terms of proportionality. He also deems the reporting the complete composition of the banking book by all institutions not to be expedient from a content perspective and proposes to refrain from such a reporting as far as possible, or at least to restrict it very much.</p> <p>Another respondent is opposed to this template, considering it of no interest, not meeting the CRR3 criteria, not covered by the mandate and not relevant in the short term. That respondent expects a huge cost of compliance, wonders what would be measured through such a template and why it should be incorporated into the Supervisory reporting framework. The respondent suggest requesting additional information on the boundary between TB/BB only on an ad-hoc basis.</p> <p>As regards institutions' practices, two respondents explain that institutions they represent have policy in place that that regulate the allocation of each position and kind of instrument to the BB or TB. Corporate policies are, when applicable due to the organisational structure, transposed locally by the relevant market risk units that are responsible for applying the boundary criteria at local level.</p>		



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	<p>In addition, some of the institutions they represent indicated that they have quarterly internal controls in place to ensure the Trading Book is well identified, including:</p> <ul style="list-style-type: none"> <li>▪ Reviewing of the trading and banking desk inventory to ensure no banking position is managed in a trading desk or vice versa;</li> <li>▪ Reviewing whether the trades between the TB and the BB are IRT (Internal Risk Transfers) or LT (Liquidity Transfers) accepted by internal policy and ensuring that these trades don't lead to any capital savings.</li> </ul> <p>As regards the concrete question on the suitable measurement basis for monitoring the boundary, three respondents consider the market value as the most appropriate measure. Two respondents deem the market value suited for the trading book, and the accounting value suited for the banking book. One respondent does not consider any of the suggested measures as appropriate to monitor the boundary between the trading and banking book, and explains that the boundary is monitored by setting appropriate controls and restrictions through internal governance, and regular monitoring of the compliance with those measures. Another respondent deems any presentation of notional values, market values or book values not to be expedient, as they are irrelevant for the classification, since the trading book/banking book classification depends on the criteria in Articles 102 and 104. One respondent objects quantitative reporting on the trading/banking book boundary, considering notionals or market values as carrying limited additional informational value.</p>		

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<b>Question 8. Interactions between the ITS on Supervisory Reporting and these ITS</b>	a) Do you have any comments on the considerations regarding the interactions and links between the ITS on FRTB reporting and the ITS on Supervisory Reporting presented above? b) Did you identify any other issues regarding the interactions and conceptual links between the ITS on FRTB reporting and the ITS on Supervisory Reporting, either resulting from the CRR or the discussion on the CRR3, that should be considered? If yes, please also include suggestions how to rectify those issues.		
Interpretation Article 325b CRR	of One respondent seeks guidance, what the positions of OG1 and OG2 to be reported are in the following case: There is a banking group consisting of three entities P, S1 and S2. P and S1 are netted and reported as OG1 and S2 is reported as OG2. The EUR is the Group's reporting currency and S2 is a US company with the USD as reporting currency. P has borrowed 100 USD from the market and invested 10 USD in the equity of S2 and has loaned the remaining 90 USD to S2. S2 has loaned 100 USD to the market.	This matter goes beyond the scope of this consultation.	None
Contribution to consolidated RWEA in C 06.02	With regard to the reporting of information by legal entity in template C 06.02 of Annex I to the ITS on supervisory reporting, one respondent seeks guidance on how the RWEA for market risk should be allocated to the entities inside an offsetting group. The respondent suggested reporting the RWEA for market risk in the row corresponding to solely one, representative, institution of the offsetting group. Another respondent seeks similar guidance, for the following two cases: <ul style="list-style-type: none"> <li>▪ OG1 is short 100, OG2 is long 100, and the own funds requirement is based on the higher of the long/short positions - Can the banks simply choose to assign the capital charge to either OG?</li> </ul>	The issue described by the respondent exists already in the current policy and reporting framework, and will remain the same even when the FRTB becomes the binding framework for calculating the own funds requirements for market risk. Templates C 06.02 of Annex I to the ITS on Supervisory reporting requires an allocation of the RWEA to every entity (i.e. a reporting of the 'consolidated' value for the offsetting group in, for example, the row corresponding to the 'parent' of that offsetting group is not possible), but Annex II, paragraph 36, to	None

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	<ul style="list-style-type: none"> <li>An OG is identified as being responsible for part of the own funds requirements, but itself contains a number of entities: How should the capital charge be allocated to those individual entities?</li> </ul>	<p>the ITS gives institutions the freedom to choose the ‘most appropriate breakdown method between the entities to take into account the possible diversification effects for market risk’. It is envisaged to retain that provision without change.</p> <p>As regards the first concrete example provided by the second submitter: Please note that any ‘maximum of’-provision applies for the position inside an offsetting group, not across offsetting groups.</p>	
Scope of changes, especially C 06.02	<p>Regarding the scope of changes, one respondent supports the proposal to keep the impact on supervisory reporting to a minimum. Another respondent argues that reporting the relevant offsetting group as an additional column in template C 06.02. appears to be pragmatic and expedient. Furthermore, they argue that the modifications within template C 02.00 also only reflect the necessary structural changes due to the future three-tier design of capital backing for market risk and are therefore understandable.</p>	The EBA takes note.	None
Simplified Standardised Approach	<p>One respondent asks for pragmatic amendments and no further increase in the complexity of the MKR SA templates, to be used in the future by institutions applying the simplified standardised approach (SSA). The respondent also seeks to learn as soon as possible how the MKR SA templates will be amended, in particular for the proposed inclusion of</p>	<p>The EBA takes note. The consultation paper on amendments to the ITS on Supervisory Reporting in response to the CRR3 can be found here: <a href="#">Implementing Technical Standards on supervisory reporting changes related to CRR3/CRD6 in step 1</a></p>	None

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	the new risk type-specific scaling factors in accordance with Article 325(2a) CRR3 (e.g. factor of 3.5 for equity risks).		
Securitisation details (C 14.00, C 14.01)	Two respondents highlights that there is a link between the template C 19.00, which FRTB institutions will not be using anymore for reporting, and templates C 14.00 and C 14.01 (e.g. columns 0450 to 0470 of C 14.01 [CTP/non-CTP, long and short positions]). They point out that the information in the template currently represents the own funds requirements for specific risk for trading book calculated based on the current SA, determined at the level of a position and aggregated at the level of a securitisation deal. In the light of the fact that the own funds requirements under FRTB are calculated at the level of buckets only, and not at the level of individual positions, one respondent suggest removing the affected columns from C 14.01. The other respondent enquires whether the own funds requirements for default risk only would be used, or whether all the own funds components for positions in the trading book applicable to the securitisation positions would be applied.	The EBA takes note, and will suggest possible amendments to the affected columns (c0430 to c0440, c0450 to c0470) in a future consultation paper.	None
Recognition of significant risk transfer	One respondent suggests that securitisation positions in the trading book should be treated in the same way as corresponding positions in the banking book, for the purposes of assessing whether a significant risk transfer was achieved.  The respondent explains that an originating institution is at all times required to have a view on the exposure for all the positions retained in a securitisation, issued by the institution themselves and therefore taking the role of Originator, for the purpose of Article 244(2) CRR. This	This matter goes beyond the scope of this consultation (interpretation of Level 1 required)	None

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>includes trading book as well as non-trading book positions; in some cases, for testing whether criteria for significant risk transfer is met, the institution also needs to know the corresponding own funds requirements. However, as outlined above, FRTB is not providing for an overall capital requirement at position level, but rather only at risk bucket level.</p> <p>We would suggest that trading book positions for the purpose of significant risk transfer contributions should be treated in the same way as a corresponding banking book securitisation position.</p>		
<p><b>Question 9.</b> <b>Cost of compliance with the reporting requirements</b></p>	<p>Is or are there any element(s) of this proposal for new and amended reporting requirements that you expect to trigger a particularly high, or in your view disproportionate, effort or cost of compliance? If yes, please</p> <ul style="list-style-type: none"> <li>• specify which element(s) of the proposal trigger(s) that particularly high cost of compliance,</li> <li>• explain the nature/source of the cost (i.e. explain what makes it costly to comply with this particular element of the proposal) and specify whether the cost arises as part of the implementation, or as part of the on-going compliance with the reporting requirements,</li> <li>• offer suggestions on alternative ways to achieve the same/a similar result with lower cost of compliance for you.</li> </ul>		
<p>Volume of information to be provided, granularity</p>	<p>Eight respondents consider that the high volume of information to be provided in accordance with the amended ITS and the high level of granularity would lead to a high administrative burden and high implementation cost.</p> <p>One of them deems that not to be commensurate with the proportionality principle, particularly for entities with small trading books. The respondent expects that implementing robust processes to comply with the significant increase in information requested takes time and will result in material burden for management to approve the submissions. Consequently, he suggest that a more limited set of templates should be applied as a general FRTB reporting</p>	<p>Please see responses to the general comments above</p>	<p>Please see responses to the general comments above</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>requirement, and that the amended reporting should only apply from Q1 2025, when the CRR3 is implemented. The respondent sees some justification for additional data request, where the data requested is part of a usual interim calculation step. However, he considers data unnecessary, where it is not such a natural result or requires the calculation of something for a sub-portfolio that would not otherwise be required (such as those at metric or risk class level).</p> <p>Three respondents, one of which estimates to have to fill roughly 150 templates with 200k+ data points, advocate a comprehensive revisitation of the regulatory requirements to arrive at a more balanced and feasible solution that answers to the intended objectives while containing the cost of compliance. In particular, the respondents suggest removing the reporting at offsetting group level, requiring reporting only at the usual level of the banking group or individual entity. If the reporting at offsetting group level is kept, the respondents demand the introduction of materiality thresholds to avoid having to report information for offsetting groups that contribute little to nothing to the own funds requirements at consolidated level. The respondents accept that the EBA needs to have certain insights into the inputs and intermediate steps of the calculation of the own funds requirements, but insist that the number of templates and datapoints too extensive to justify the benefit that EBA will obtain from having them. Two of the respondents point out that some requirements not already part of the process of calculating own funds requirements, such as the requirement to provide profit and</p>		

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	<p>loss data at the level of the offsetting group, require some further methodological developments.</p> <p>Another respondent points out that all metrics requested should be already available for reporting, as they are an integral part of the calculation of own funds requirements, but points out that additional layers of official analysis, certification and validation of the reported data, both at local and corporate level, would be required for decentralized financial groups. That respondent suggests requesting high-level data at the level of offsetting group on a regular basis, but requesting the more granular information, such as the one at metric or risk class level only on an ad-hoc basis.</p> <p>One respondent points to the relatively short implementation deadlines, triggering high implementation cost, and to the level of detail, likely causing a significant increase in running costs over time. That respondent expects the challenging nature of the templates to motivate smaller institutions within a banking group to adopt the SSA instead of opting in the ASA. The respondent highlights that this creates an additional level of complexity for reporting as well as a discrepancy between reported figures on solo vs consolidated level, since the reporting on consolidated level has to be done using the ASA and filling in the ASA templates. In his view, the required detailed information regarding the individual components of the ASA calculation goes into extensive details, which are not material for the overall market risk charge. He also deems that the information is not sufficient to reflect the true risk profile of the organisation in a meaningful and comparable way at the same time. The respondent advocates a more concise form</p>		

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	<p>of reporting which focuses on the key drivers of the overall market risk charge.</p>		
Cost of compliance	<p>One respondent acknowledges that many of the data points required are available as input variables or natural interim results in the context of the calculation of own funds requirements. Because of the model-related higher complexity and the large number of data points, relevant deployment effort is nevertheless to be expected for the expansion of the delivery routes.</p> <p>That respondent also argues that reporting requirements that are not based on existing metrics or that exceed the scope of the regulatory own funds calculation will generate significant additional effort here and should be avoided or designed as efficiently as possible. This relates in particular to template C 99.00 for reporting P&amp;L information and the potential template for presenting the trading book boundary that has been proposed.</p> <p>Another respondent estimates that setting up the reporting system will have a high financial and operational cost. He considers that the reporting requirement should be streamlined by eliminating certain irrelevant templates (i.e., template C 99.00 on P&amp;L reporting and envisaged templates on reporting on the boundary between trading and banking book) and by reducing the granularity/quantity of information requested (i.e., the Offsetting group-based reporting).</p>	<p>The EBA takes note.</p> <p>See responses on the volume of information to be reported in previous sections.</p>	<p>See responses on the volume and information to be reported in previous sections</p>
RRAO: Breakdown by instrument type	<p>One respondent considers that it is not necessary to request the breakdown of non-exotic instruments by groups of specific instrument types, instead of the regulatory</p>	<p>Please see responses to comments made under question 3</p>	<p>Please see responses to comments made under question 3</p>



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>categories (i.e. gap, correlation, pre-payment etc.). He deems the breakdown unnecessarily granular and consider that it adds little supervisory or risk management value.</p>		
Back-testing: ES, p-values	<p>One respondent considers the following reporting requirements unnecessary:</p> <ul style="list-style-type: none"> <li>▪ Template C 96.04.1 (BTI): Top-of-the-house (TOTH) 1 day (1d) ES at 99% confidence is not required for the TOTH back-testing assessment and so it is a new (additional) calculation requirement;</li> <li>▪ Template C 96.04.1 (BTI): p-value for APL/HPL is a new (additional) calculation requirement;</li> <li>▪ Template C 96.04.2 (BTTD): Desk level 1d ES at 99% confidence is a new (additional) calculation requirement;</li> <li>▪ Template C 96.04.2 (BTTD): p-value for APL/HPL/RTPL is a new (additional) calculation requirement.</li> </ul>	<p>It is true that the information highlighted by the submitter is not part of the process of calculating own funds requirements. However, it is very likely that institutions use this data to monitor and manage their market risks on a daily basis. Other regulators, e.g. the US regulators, also require this data from their supervised entities (see US proposal <a href="#">here</a> for example).</p>	None
Reporting on default risks	<p><i>ASA</i></p> <p>One respondent argues that a new requirement in template C 94.01 (DRC1) is not necessary, as the aggregation of net JTD by credit quality band is not a usual interim calculation step.</p> <p><i>AIMA</i></p> <p>One respondent considers that the following reporting requirements are unnecessary:</p> <ul style="list-style-type: none"> <li>▪ Template C 98.01.1 (DRC1): Aggregation of JTD by PD band is a new (additional) calculation requirement.</li> </ul>	<p>It is true that the information highlighted by the submitter is not directly an interim result of the calculation of the own funds requirements. However, it is based on parameters that institution use for that calculation (CQS/PD, LGD, correlations, differentiation long/short position in accordance with Article 325bo CRR for the AIMA, etc) and the information is needed to obtain a high-level</p>	None

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	<ul style="list-style-type: none"> <li>▪ Template C 98.01.2 (DRC1): Aggregation of JTD by LGD band is a new (additional) calculation requirement.</li> <li>▪ Template C 98.02.1/2 (CORR1 &amp; CORR2): Data (JTDs, systematic factors and correlations) relating to top 25 issuers by DRC capital charge is a new reporting requirement.</li> </ul>	understanding of the composition of the portfolio.	
Profit and loss data	One respondent deems the reporting of profit and loss data to be associated with particularly high cost of compliance.	See responses to comments under question 5	See responses to comments under question 5
Qualitative information	<p>One respondent considers the integration of qualitative information into the reports as especially problematic in practice.</p> <p>He mentions the example of columns 0025 and 0095 ('Comments &amp; explanations') of template C 99.00, which require qualitative information on how the institution has determined the data or what information the institution considers to be necessary to interpret the data.</p> <p>The respondent considers that including qualitative explanations has a different quality than the information currently linked to the reporting systems via data interfaces (business data, financial data, master data, etc.), which is sourced from other banking/upstream systems, as qualitative explanations can only be captured after the actual report itself has been finalised.</p> <p>He points out that the supervisory authorities already require explanations or comments on reported items for various reasons, but that this is done subsequent to the actual preparation and submission of the report.</p>	<p>The EBA understands that including qualitative information into the reports requires different efforts than deriving quantitative data from already existing systems. However, considering that the requirement to provide this information is relatively stable, institutions may be able to 'standardise' or integrate the provision of this information in their existing processes. This is also not the first reporting requirement of this kind, and it is different from post-submission exchanges with the competent authority, that focus on data quality issues or investigate a particular issue, with the reported data as a trigger.</p> <p>In the particular case of the profit and loss data of C 99.00, the need to request explanations arises from the methodological freedom granted to the institutions.</p>	None

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	<p>In the respondent's view it makes no sense to include qualitative explanations directly in the reporting process from a process-related perspective. In this respect, comments or qualitative explanations should be sought outside the actual reporting data and overall downstream of the reporting submission process.</p>		
Simplified standardised approach	<p>One respondent considers that the permission to continue using the existing standardised approaches as Simplified Standardised Approach (SSA) was motivated by considerations of proportionality. He demands the same kind of proportionality to be taken into account in future reporting. The respondent wants the existing MKRSA templates to be modified as pragmatically as possible, without increasing complexity. He request the authorities to communicate the corresponding modification proposals as soon as possible for planning purposes. In the respondent's view the 'model-independent' templates should be designed in such a way that the effort for institutions eligible to use them remains very low. This applies in particular to the reporting on the composition of the trading and banking books already addressed in Question 7.</p>	<p>The consultation paper on amendments to the ITS on Supervisory Reporting can be found here: <a href="#">Implementing Technical Standards on supervisory reporting changes related to CRR3/CRD6 in step 1.</a></p>	None
ASA reporting by AIMA institutions	<p>One respondent considers it a disproportionate duplication of effort to require an institution to fill in the ASA templates for the AIMA portfolio and the overall portfolio.</p>	Please see response under question 2.	None

