

EBA/ITS/2020/01

4 May 2020

Final report

Draft implementing standards

on specific reporting requirements for market risk under
Article 433b of Regulation (EU) No 575/2013 (CRR)

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1. Executive summary

While the currently applicable market risk framework and the related existing reporting requirements will remain unchanged in the next reporting release, Regulation (EU) 2019/876 ('CRR2') introduces the first elements of the Fundamental Review of the Trading Book (FRTB), initiated 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 framework is implemented by means of a reporting requirement, constituting the first step towards the full implementation of the FRTB framework in the EU.

The reporting requirements on the new market risk framework will be gradually expanded; the first step consists of the introduction of 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 under the alternative standardised approach for market risk (MKR-ASA). Later, this information will be complemented with details of the calculation of the own funds requirements under the MKR-ASA and with information on the own funds requirements under the alternative internal model approach.

The EBA is taking a gradual approach because it is mindful of the importance of expanding the reporting requirements resulting from the FRTB in a proportionate manner, as institutions will also continue to be subject to the current market risk framework and the associated reporting requirements. Once clarity on the full implementation of the FRTB framework in the EU exists — including clarity on the implementation of the EBA roadmap on market risk and counterparty credit risk — the framework will be expanded to fully cover the new requirements.

Next steps

The draft implementing technical standards (ITS) will be submitted to the Commission for endorsement before being published in the Official Journal of the European Union. The technical standards will apply from 1 September 2021.

The EBA will also develop the data-point model (DPM), XBRL taxonomy and validation rules based on the final draft ITS and publish them soon.

2. Background and rationale

2.1 Scope and overview of content of this proposal, expected application date and frequency of the reporting requirement

1. While the currently applicable market risk framework and the related existing reporting requirements will remain unchanged in the near future, Regulation (EU) 2019/876 ('CRR2') amending Regulation (EU) No 575/2013 ('CRR') introduces the first elements of the Fundamental Review of the Trading Book (FRTB), initiated 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 framework is implemented by means of a reporting requirement, constituting the first step towards the full implementation of the FRTB framework in the EU.
2. The reporting requirements on the new market risk framework will be gradually expanded; the first step will be to introduce 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 under the alternative standardised approach for market risk (MKR-ASA). Later, this information will be complemented with details on the calculation of the own funds requirements under the MKR-ASA and by information on the own funds requirements under the alternative internal model approach.
3. The EBA is taking a gradual approach because it is mindful of the importance of expanding the reporting requirements resulting from the FRTB in a proportionate manner, as institutions will also continue to be subject to the current market risk framework and the associated reporting. Once clarity on the full implementation of the FRTB framework in the EU exists — including clarity on the implementation of the EBA roadmap on market risk and counterparty credit risk — the framework will be expanded to fully cover the new requirements.
4. In accordance with Article 430b (1) and (2) CRR, institutions should start reporting on the results of the calculation based on the MKR-ASA as soon as a delegated act on technical adjustments prepared by the Commission in accordance with Article 461a CRR applies, and no later than 1 year after the adoption of that delegated act. Considering all relevant factors, as well as the benefits of a fixed application date, and in the light of the disruption caused by the COVID-19 outbreak in Europe, the first applicable reference date for the reporting in accordance with Article 430b CRR is envisaged to be the 30 September 2021.
5. The proposal for the reporting on the results of the calculations under the MKR-ASA included in this consultation paper is, for the time being, limited to a summary template, capturing predominantly the size of the positions subject to the different approaches and risk classes, as well as some high-level breakdowns on the related own funds requirements. While this ensures that institutions build up the capacity to perform the calculations needed under the MKR-ASA, preparing themselves for

its application to the calculation of own funds requirement, it keeps the implementation burden limited, honouring the informatory nature of the reporting requirement.

6. The summary template for the MKR-ASA will, at a later stage, be complemented by additional templates and information items that provide insights into the different steps of the process for calculating own funds requirements under the MKR-ASA.
7. Institutions will be subject to the FRTB framework in the Union only if their trading book business and on- and off-balance-sheet business subject to market risk exceed certain thresholds that are defined in Articles 94 and 325a CRR. In order to identify the institutions within the scope of application of the FRTB in the Union and to ensure that all institutions monitor their business with regard to those thresholds, this proposal includes a thresholds template that captures the size of the trading book and the size of an institution's on- and off-balance-sheet business subject to market risk. The thresholds template is envisaged to be reported by all institutions.
8. Both the MKR-ASA summary template and the thresholds template are envisaged to be reported quarterly.
9. Reporting requirements on the alternative internal model approach for market risk in accordance with Article 430b (3) and (4) CRR are not part of this consultation. Those reporting requirements will be developed once policy aspects of the implementation of that approach have been clarified and addressed in relevant technical standards that are currently being completed.
10. For the time being, the reporting requirements that are part of this consultation are presented as separate legal standard. However, in the medium to long term, most likely when the FRTB framework becomes binding for the calculation of own funds requirements for market risk in the EU, the reporting requirements specified in this draft ITS are envisaged to be integrated into the main ITS on reporting.

2.2 The thresholds template

11. The thresholds template is to be reported by all institutions. It serves as the basis to distinguish between the three groups of institutions:
 - institutions that have a very small trading book and therefore apply the provisions on credit risk to their trading book positions instead of the provisions on market risk (position risk) under the current framework and probably also the future one, once the FRTB is fully implemented in the EU;
 - institutions that have a bigger trading book, but still only a medium-sized volume of positions subject to market risk, and therefore apply the current provisions on market risk in their entirety, but are exempted from the obligation to report on the calculation results in respect of the FRTB now and are expected to be entitled to apply the simplified approach under the fully implemented FRTB framework in the future;
 - institutions that are engaged in a considerable amount of business subject to market risks and are subject to the application of the current market risk framework in its entirety and the

reporting obligation now, and that are expected to be subject to the full application of the FRTB framework in the future.



12. While the threshold of Article 325a CRR is new to the CRR, the threshold of Article 94 CRR already existed under the first version of the CRR, albeit with a slightly different definition. The absence of reported information on that threshold, and therefore the lack of insight into whether institutions exceed or are below the threshold and monitor it properly, has been perceived as a notable impediment and constraint by competent authorities.
13. The proposed threshold template presents the trading book positions considered for the purposes of Article 94 CRR as a subset of the (trading book) positions considered in the context of Article 325a CRR. This relationship holds exactly true only for the version of Article 94 as applicable from 27 June 2021 and for Article 325a, not for the 'old' version of Article 94 CRR, which is applicable until 26 June 2021. With the postponement of the envisaged application date from the originally proposed 1 March to 1 September 2021, this issue is addressed, as the reporting starts only once the new version of Article 94 CRR applies.
14. The information in the thresholds template is of a high-level nature, covering only the elements strictly necessary to assess an institution's position in relation to the thresholds. Originally, the threshold template was also envisaged to include a breakdown of the business subject to market risk into on- and off-balance-sheet business. That breakdown would have provided basic information on the structure of institutions' positions subject to market risk and would have supported, where relevant, a comparison of that structure between institutions calculating own funds requirements for those positions based on the provisions for credit risk and those applying the market risk framework in its entirety. Nevertheless, some concerns existed that the distinction between on- and off-balance-sheet items is not as clear and straightforward as might be expected, which is why a question about this was included in the consultation. In the light of the feedback received during the public consultation, the breakdown between on- and off-balance-sheet business was dropped from template C 90.00.
15. Information was originally envisaged to be requested for the reference date and the preceding 11 months. That focus on 11 months was due to the entry and exit criteria for the application of the less/more sophisticated provisions for the calculation of own funds requirements (Article 94 (7) and (8) CRR) or less/more comprehensive reporting obligations (Article 325a (5) and (6) CRR), which consider the position of institutions during the year preceding the reference date both for the entry and for the exit. Following comments received during the public consultation, the scope of the information requested was reduced to the reference date and the preceding two month-ends to avoid re-reporting of data reported already at the earlier reference dates.
16. Institutions are asked to report information on the thresholds only for reference dates when the relevant provisions of the CRR were already in place and applicable, i.e. effectively for reference dates starting from July 2021, considering that the template considers the three month-ends of the quarter the report refers to.

2.3 The MKR-ASA summary template

17. The summary template for the MKR-ASA provides an overview of the own funds requirements that are to be calculated for reporting purposes only by using the MKR-ASA. In line with the mandate in



Article 430b CRR, this includes a breakdown by approach and risk class. The information is high-level in nature. Some more detail is requested only for positions subject to the sensitivities-based method, namely a differentiation by correlation scenario (low, medium, high) and between delta, vega and curvature risks.

18. The information on the own funds requirements is complemented by a measure reflecting, to some extent, the volume of the positions that are bearing risks and are treated according to the relevant approach. In the case of the sensitivities-based method, institutions are asked to provide information at an aggregate level on the overall sensitivities per risk class, in cases of positions subject to default risk the gross jump-to-default amounts and in cases of positions subject to residual risk the nominal amounts.

3. Draft implementing standards



COMMISSION IMPLEMENTING REGULATION (EU) No .../... laying down implementing technical standards with regard to specific supervisory reporting requirements for market risk according to Regulation (EU) No 575/2013 of the European Parliament and of the Council

of XXX

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,
Having regard to Regulation (EU) No 575/2013 of 26 June 2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms¹ and in particular Article 430b (6) thereof,

Whereas:

- (1) The BCBS initiated the fundamental review of the trading book (FRTB) to address the structural weaknesses of the own funds requirements for market risk standards. That work led to the publication of a revised market risk framework in January 2016. Regulation (EU) 2019/876 amending Regulation (EU) No 575/2013 introduces the first elements of the FRTB into the prudential framework of the EU as a first step towards the full implementation of the FRTB framework in the EU.
- (2) According to Article 430b (1) and (2) of Regulation (EU) No 575/2013 (CRR), all institutions that are subject to the FRTB framework in the Union will start reporting the calculations derived from the revised standardised approach (alternative standardised approach for market risk) from the date of application of the delegated act referred to in Article 461a thereof. In addition and in accordance with Article 430b (3) and (4) of Regulation (EU) No 575/2013, institutions that obtain approval to use the revised internal model approach of the FRTB framework will also report the calculation under the internal model approach, but only three years after the entry into force of regulatory technical standards on that internal models approach. Considering this difference in timeline, this Regulation should, for the time being, set out only reporting requirements on the alternative standardised approach for market risk, as implemented in the Union by Part Three, Title IV, chapter 1a of Regulation (EU) No 575/2013.
- (3) Institutions will only apply the alternative standardised approach for market risk if their trading book business and business subject to market risk exceeds certain thresholds that are defined in Articles 94(1) and 325a(1) of Regulation (EU) No 575/2013. In order to identify the institutions within the scope of application of that approach and to ensure that all institutions monitor their business with regard to those thresholds, this Regulation should therefore require institutions to report information on the size of their trading book and the size of the on- and off-balance-sheet business subject to market risk.
- (4) Institutions that are subject to the obligation to report the results of their calculation under the alternative standardised approach for market risk should start reporting at

¹ OJ L 176, 27.06.2013, p1.



least the final result of those calculations, once this Regulation applies. Further details on those calculations should only be added at a later stage, at the latest when the alternative standardised approach becomes, for institutions in the scope of its application, binding for the calculation of own funds requirements.

- (5) Considering the conditions for the date of application of the specific reporting requirements for market risk as provided for in Article 430b (1) and (2) of Regulation (EU) No 575/2013, as well as the benefits of a fixed application date, this Regulation should apply from 1 September 2021.
- (6) This Regulation is based on the draft implementing technical standards submitted by the European Supervisory Authority (European Banking Authority) (EBA) to the Commission.
- (7) The EBA 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 opinion of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010².

HAS ADOPTED THIS REGULATION:

Article 1

Subject matter and scope

This Regulation lays down uniform requirements in relation to the supervisory reporting to competent authorities according to Article 430b of Regulation (EU) No 575/2013.

Article 2

Reference dates and remittance dates for reporting

1. Institutions shall submit information to competent authorities with a quarterly frequency as this information stands on 31 March, 30 June, 30 September and 31 December.
2. Institutions shall submit information to competent authorities by close of business of the following remittance dates: 12 May, 11 August, 11 November and 11 February.
3. If the remittance day is a public holiday in the Member State of the competent authority to which the report is to be provided, or a Saturday or a Sunday, data shall be submitted on the following working day.
4. Corrections to the submitted reports shall be submitted to the competent authorities without undue delay.

² 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).

Article 3

Reporting on thresholds

1. Institutions shall report information on the size of their trading book and the size of their on- and off-balance-sheet business subject to market risk on an individual basis, as specified in template 90 of Annex I to this Regulation in accordance with the instructions in section 1 of Part II of Annex II to this Regulation.
2. Institutions shall report information on the the size of their trading book and the size of their on- and off-balance-sheet business subject to market risk on a consolidated basis, as specified in template 90 of Annex I to this Regulation in accordance with the instructions in section 1 of Part II of Annex II to this Regulation.

Article 4

Reporting on the alternative standardised approach

1. In order to report information on the results of the calculations based on using the alternative standardised approach in accordance with paragraphs 1 and 2 of Article 430b of Regulation (EU) No 575/2013 on an individual basis, institutions shall submit the information as specified in template 91 of Annex I to this Regulation in accordance with the instructions in section 2 of Part II of Annex II to this Regulation.
2. In order to report information on the results of the calculations based on using the alternative standardised approach in accordance with paragraphs 1 and 2 of Article 430b of Regulation (EU) No 575/2013 on a consolidated basis, institutions shall submit the information as specified in template 91 of Annex I to this Regulation in accordance with the instructions in section 2 of Part II of Annex II to this Regulation.

Article 5

Data precision and information associated with submissions

1. Institutions shall submit the information referred to in this Regulation in the data exchange formats and representations specified by competent authorities and respecting the data point definition of the data point model and the validation formulae referred to in Annex III as well as the following specifications:
 - (a) information that is not required or not applicable shall not be included in a data submission;
 - (b) numeric values shall be submitted as facts according to the following:
 - i. data points with the data type 'Monetary' shall be reported using a minimum precision equivalent to thousands of units;
 - ii. data points with the data type 'Percentage' shall be expressed per unit with a minimum precision equivalent to four decimals;
 - iii. data points with the data type 'Integer' shall be reported using no decimals and a precision equivalent to units.
 - (c) Institutions shall be identified solely by their Legal Entity Identifier (LEI). Legal entities and counterparties other than institutions shall be identified by their LEI



where available.

2. The data submitted by the institutions shall be associated with the following information:
 - (a) reporting reference date and reference period;
 - (b) reporting currency;
 - (c) accounting standard;
 - (d) identifier of the reporting institution (LEI);
 - (e) scope of consolidation.

Article 6

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 1 September 2021.

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]

ANNEX

Please see separate files:

Annex I – Templates

Annex II – Instructions

Annex III – Data point model and validation rules

4. Accompanying documents

4.1 Draft cost–benefit analysis/impact assessment

Article 15(1) of the EBA Regulation provides that when any draft implementing technical standards developed by the EBA are submitted to the Commission for adoption, they should be accompanied by an analysis of ‘the potential related costs and benefits’. This analysis should provide an overview of the findings regarding the problem to be dealt with, the solutions proposed and the potential impact of these options.

This analysis covers the main policy options included in this consultation paper on the draft ITS on the reporting requirements for the new FRTB framework as per Article 430b CRR. The analysis is high level and qualitative in nature.

A. Problem identification and background

The BCBS’s revised market risk framework will take time for institutions to implement. Hence, even though it is currently still under review at European level, all institutions that would be subject to the FRTB framework should already start reporting the calculations derived from the revised standardised approach in order to start capacity building early on. The EBA has been mandated as per Article 430b CRR to develop ITS on these reporting requirements.

B. Policy objectives

The draft proposed ITS on reporting on the new FRTB framework presented in this consultation paper seek to provide a clear and consistent reporting framework for institutions on the MKR-ASA in the EU, as mandated in CRR2. In particular, they aim to create a tool that will help institutions build capacity and expertise on the revised market risk framework.

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

Section C presents the main policy options discussed and the decisions made during the development of the templates and instructions. Advantages and disadvantages, potential costs and benefits of the policy options, and the preferred options resulting from this analysis are assessed below.

Threshold templates

Option 1a: In addition to the template on MKR-ASA calculations, also introduce a template on thresholds applicable in the context of market risk

**Option 1b:** Do not introduce an additional template on thresholds

The EBA is mandated under Article 430b CRR to develop reporting templates on the results of the calculations based on the new FRTB framework (i.e. using the alternative standardised approach). As long as the implementation of the FRTB in the EU is under review, this calculation is for now a reporting requirement only.

Only certain institutions, however, are expected to fall under the new FRTB framework, and only those institutions will be subject to the reporting requirements of the new calculations: specifically, institutions with trading book positions that do not meet the thresholds for the derogation for small trading book business (< 5% of total assets and < EUR 50 million) as per Article 94 CRR. In addition, under the CRR applicable as of 28 June 2021 institutions whose on- and off-balance-sheet subject to market risk only amounts to up to 10% of total assets and < EUR 500 million are also exempted from the new reporting requirements (Article 325a CRR).

Hence, understanding institutions' trading book sizes and where they are positioned relative to the thresholds and how this develops over time is crucial, also in the light of the FRTB legislation implementation, which is still forthcoming in the EU.

An additional reporting template on the trading book threshold would imply a slightly increased reporting burden for the smaller trading book institutions (since they would not need to report anything without a threshold template; only institutions exceeding both thresholds would need to report). However, institutions need to monitor the thresholds themselves in any case, so it is assessed that a reporting template with such information would imply only a very limited additional burden to small trading book institutions, while it would provide supervisors with essential information for monitoring the thresholds.

As a result, Option 1a has been chosen as the preferred option and an additional template with information on trading book thresholds has been added.

Inclusion of definitions under Article 94 CRR applicable from 28 June 2021 and Article 94 CRR applicable until 27 June 2021³

Option 2a: Include both definitions of the threshold calculation**Option 2b:** Only include a reporting requirement as per the definitions under Article 94 CRR applicable from 28 June 2021

While the actual thresholds for small trading books have not changed in the new CRR (< 5% of total assets and < EUR 50 million), the conditions for the inclusion of certain exposures have changed in the revised legal framework adopted in April 2019.

³ Option 2 became obsolete after the consultation due to the postponement of the envisaged application date of the ITS to September 2021.



Reporting requirements for the MKR-ASA calculations are expected to apply from the first quarter of 2021, with 31 March 2021 being the targeted first reference date for the reporting. In order to understand the need to comply with the latter, one would need to consider trading book exposures as calculated under Article 94 CRR applicable until 27 June 2021 (for reporting in Q1 2021), and from Q2 2021 trading book exposures as calculated under Article 94 CRR as applicable from 28 June 2021.

It has been assessed that introducing a reporting template covering both Article 94 CRR as applicable from 28 June 2021 and Article 94 CRR as applicable until 27 June 2021, would (i) be cumbersome and confusing for institutions, (ii) increase the implementation burden for institutions and, importantly, (iii) imply a reporting template that is no longer fully consistent with CRR2 going forward and will already be outdated in June 2021 (as the information on the 'old' Article 94 CRR as applicable until 27 June 2021 would no longer need to be reported from June 2021 onwards, but would still be part of the template).

While only covering Article 94 CRR applicable from 28 June 2021 in the new reporting templates would in turn imply that information on the threshold of Article 94 CRR as applicable until 27 June 2021 is missing for March 2021, it has been assessed that Option 2b is the preferred option, facilitating and streamlining implementation for reporting institutions and supervisors.

D. Conclusion

In order to prepare European institutions for the full implementation of the revised market risk framework, a clear and consistent reporting framework is crucial. The latter will enable and support institutions in their capacity building and preparation.

The draft templates at hand provide this by, delivering clear information requirements for institutions, while at the same time ensuring simplicity. While reporting requirements are a crucial step towards a revised market risk framework in the EU, given that the MKR-ASA so far only comes in the form of a reporting requirement in the EU, it needs to be ensured that reporting requirements are proportionate. This is achieved by encompassing only a summary template, capturing predominantly the size of the positions subject to the different approaches and risk classes, as well some high-level breakdowns on the related own funds requirements.

The templates will foster transparency under the revised market risk framework for supervisors, prepare institutions for the revised framework and enable both supervisors and institutions to track the development of exposures in a clear and consistent manner over time.



4.2 Feedback on the public consultation

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

The consultation period lasted for 6 weeks and ended on 7 January 2020. Nine responses were received, of which seven 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 the 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 responses to the consultation and the EBA's analysis

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
General comments			
Application date	<p>Four respondents advocate a postponement of the date of application of the ITS, with a view to implementing all changes in COREP pertaining to the banking package at once.</p> <p>One respondent emphasised the need to align the date of application of the delegated act in accordance with Article 461a CRR and the date of application of this reporting ITS.</p>	<p>As laid out in the section 'background and rationale', it is considered of high importance that institutions start building up the capacity to perform the calculations needed under the MKR-ASA and preparing themselves for its application for the calculation of own funds requirements, with a view to achieving a timely implementation of the BCBS's standards in the EU framework. It is acknowledged that a simultaneous implementation of CRR2's requirements affecting COREP and these specific reporting requirements on market risk might include synergies in technical terms, but there is less of an interconnection and therefore less of a synergy in terms of substance. On the other hand, the COVID-19 outbreak is likely to require institutions to face and deal with increasingly difficult conditions in the immediate future. The EBA, like other international bodies, considers it important that institutions concentrate their efforts on monitoring and assessing the impact of the COVID-19 outbreak as well as ensuring business continuity. Against this background, the envisaged application date of this ITS has been postponed to September 2021.</p> <p>The EBA is liaising closely with the Commission to avoid a discrepancy between the date of application of the delegated act, initiating the reporting obligation, and the date of application of this ITS,</p>	Application date postponed to 1 September 2021

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
Gradual increase of the reporting requirements	<p>One respondent refers to the executive summary, where EBA notes that the reporting requirements for the new market risk framework will be gradually expanded; first introducing a thresholds template and a summary template reflecting the own funds requirements under the MKR-ASA. That respondent acknowledges that the industry fully understands the need for further reporting to be in place for the final implementation of the revised minimum capital requirements for market risk. However, he cautions against a gradual increase in reporting in the meantime, as this would add additional project risk and would not be an efficient use of resources.</p> <p>Another respondents considers it helpful if the EBA clarifies what it means by a gradual increase in reporting requirements. He conveys the industry's concern that this could imply additional templates prior to CRR3 implementation. That respondent notes that the industry will need to put significant resources into updating the new COREP templates that will be required for CRR2 across all reporting categories. Changing requirements while this project is on-going will increase the project risk for the whole of COREP reporting, which does not seem to be justified in the respondent's view. The respondent suggests that additional reporting requirements for market risk not already included as part of this consultation should be phased to coincide with the implementation of CRR3, when</p>	<p>proving institutions with the details and means to fulfil it.</p> <p>As stated in the section 'background and rationale', further reporting requirements will be developed to capture, at least, more detailed information on the positions treated according to the MKR-ASA and information on the positions treated according to the alternative internal models approach. For the latter, the CRR includes a deadline the EBA has to observe. At this stage, no information about the timeline for the developments of these additional elements of the FRTB reporting framework can be provided.</p>	No change

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	the revised minimum capital requirements for market risk will become a binding capital requirement.		
Proportionality, in particular with regard to the application of the reporting requirement to credit unions	One respondent voiced concerns with regard to the impact on credit unions, where the FRTB framework, including its reporting obligations, is applied to credit unions, and urged an appropriate consideration of proportionality aspects.	Where the provisions of the CRR apply to credit unions, and considering the typical nature and scope of activity of credit unions, it can be assumed that the vast majority of credit unions will not have a trading book that exceeds the thresholds of Article 94 CRR. Where that is the case, the only reporting obligation a credit institution will have to comply with in accordance with these ITS is the obligation to report the thresholds template.	No change
Responses to questions in Consultation Paper EBA/CP/2019/13			
Question 1	The ‘thresholds’ template requires a breakdown of the ‘on- and off-balance-sheet business subject to market risk’ into on-balance-sheet and off-balance-sheet business. Is that breakdown clear, or would you need ad hoc definitions for differentiating ‘on-balance-sheet items’ from ‘off-balance-sheet items’ to ensure a proper implementation of the reporting requirements? Are there particular challenges or a burden involved in differentiating between on- and off-balance-sheet items?		
Breakdown between on- and off-balance-sheet items, total assets	<p>The five respondents who provided an answer to this question were of the opinion that the boundary between on- and off-balance-sheet subject to market risk is not completely clear. They suggested including a particular definition and/or providing a list of examples to support a differentiation.</p> <p>Individual respondents pointed out the following cases of doubt:</p> <ul style="list-style-type: none"> ▪ Derivatives are typically interpreted as being off-balance-sheet from the point of view of 	In the light of the feedback received and with a view to keeping the reporting burden limited, the breakdown between on- and off-balance-sheet business subject to market risk was removed from template C 90.00.	See column ‘EBA analysis’

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>economics, but have to be included in the balance sheet according to the applicable accounting standard.</p> <ul style="list-style-type: none"> ▪ There may be differences between the treatment of certain positions according to national accounting standards and FINREP (not further specified). ▪ Derivatives can be simultaneously considered on-balance-sheet (market values) and off-balance-sheet (nominal values). ▪ One respondent suggests the classification could be based on Annex I to the CRR. 		
Question 2	Are the scope and level of application of the reporting requirements and the content of the templates and the instructions clear?		
Scope of application of the 'thresholds' template	<p>Two respondents suggested that reporting template C 90.00 includes a non-negligible 'documentation' burden and might be disproportionate. One of the respondents suggested the information could also be obtained by other means and declared it its preference to leave the demonstration of compliance with the thresholds to other processes, such as the SREP process.</p> <p>While one of the respondents suggested making the obligation to report C 90.00 applicable only to entities that want to benefit from the derogation of Article 94 CRR – effectively to institutions with a small trading book – the other respondent recommended exempting exactly those institutions</p>	<p>As stated in the 'background and rationale', the absence of readily accessible information in particular on the size of the trading book has been perceived as a notable impediment and constraint by competent authorities. This is documented already in the EBA's response to the Commission's call for advice on the standardised approach for CCR and own funds requirements for market risk (EBA-Op-2016-19), which contains the explicit recommendation to make the reporting of information on the size of the trading book mandatory. Information available in the reporting framework does not adequately reflect the prudential concepts of trading book business or business subject to market risk. The trading book size and the size of the business subject to market risk are</p>	No change to scope of application of the requirement to report C 90.00

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	with a small trading book from the reporting requirement.	<p>often used as reference measures or contextual pieces of information.</p> <p>The EBA considered reducing the scope of application of the requirement to report template C 90.00, but decided against it for the following reasons:</p> <ul style="list-style-type: none"> ▪ The CRR requires monitoring of the trading book size and the size of the business subject to market risk on the basis of month-end values. Therefore, the reporting of those values should add only a limited burden compared with a pure monitoring without corresponding reporting. However, in order to avoid undue burden, the historical information has been reduced from 11 to 2 months. In contrast to a non-standardised or non-harmonised approach, the reporting of the values in a standardised format allows comparison and use as a reference measure in aggregate analysis. ▪ Small institutions making use of the derogation of Article 94 CRR need to be able to prove their rightful use of the provision in one way or another. The right to make use of the derogation of Article 94 CRR is also one of the criteria for classification as small and non-complex and therefore warrants additional scrutiny. ▪ In the case of medium and larger institutions, the size of the trading book and of the business subject to market risk (as well as their development through time) is, alongside the measures indicating the level of risk pertaining to 	

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Level of application (C 90.00)	<p>One respondent raised the following issues:</p> <p>(1) Regarding the level of application of the reporting requirements, a specification is needed of what the lowest level of application should be for which an institution has to submit the thresholds template.</p> <p>(2) If the reporting entity is an internationally active group, should data be reported (only) at the consolidated level for the group as a whole or does the obligation to report the 'thresholds' template (also) apply at other levels?</p> <p>(3) Should the entities that are part of the internationally active group and have obtained the derogation for small trading book business in accordance with Article 94 CRR complete the thresholds template separately?</p>	<p>that business, of higher relevance for supervision, impact assessments and intra-sectoral analysis.</p> <p>Template C 90.00 shall be submitted at the same levels at which the regular COREP data in accordance with point (a) of Article 430 (1) CRR are submitted.</p> <p>Accordingly,</p> <p>(1) the lowest level of application of the requirement to submit template C 90.00 is the individual level;</p> <p>(2) where an entity reports information in accordance with point(a) of Article 430 (1) CRR at the consolidated level (highest level in a Member State), it should also report template C 90.00 at that consolidated level; where, in addition, reports in accordance with point (a) of Article 430 (1) CRR are submitted at a subconsolidated level in a Member State, template C 90.00 should also be submitted at that subconsolidated level;</p> <p>(3) template C 90.00 shall be reported also at individual level, whether or not a derogation for small trading book business has been obtained.</p>	No change
Level of application (C 91.00)	<p>Three respondents asked for clarification of the level of application of the requirement to report template C 91.00.</p> <p>Clarification was requested with regard to the following cases in particular:</p>	<p>Subject to the conditions of Article 325a CRR being met in the relevant cases, template C 91.00 needs to be reported at the individual level and at the consolidated level on the basis of the consolidated situation of an institution (including subconsolidated level, where relevant).</p>	No change

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	<p>(1) How would a subsidiary's positions have to be taken into account in the report at consolidated level if that subsidiary itself does not exceed the threshold of Article 325a CRR on its own level and is therefore exempted from the reporting requirement at individual level? Would the MKR-ASA have to be applied to the subsidiary's portfolio as well or could the subsidiary's own funds requirement according to the currently applicable approaches be used?</p> <p>(2) How should cases be dealt with in which individual entities belonging to the same scope of regulatory consolidation use different approaches (e.g. entity A uses the MKR-ASA, entity B uses the simplified approach and entity C does not have a trading book at all). The proposed draft ITS seem to suggest the consolidating entity has to calculate the group-wide own funds requirements for market risk using the MKR-ASA. In this context, clarification is needed of whether it is permissible for an entity to report template C 91.00 on an individual basis by using, for example, the simplified approach, while at the same time being covered by the MKR-ASA on a consolidated basis as part of the banking group.</p>	<p>The on- and off-balance-sheet business subject to market risk of an entity that is exempted from the reporting in accordance with Article 430b CRR at the individual level has to be considered for the reporting in accordance with Article 430b CRR at the consolidated level of the group the entity belongs to, if that group has the obligation to report information in accordance with Article 430b CRR; i.e., the fact that that the on- and off-balance-sheet business subject to market risk of an entity is less significant at the individual level does not imply it can be neglected at the consolidated level. The provisions of the alternative standardised approach have to be applied to the entire portfolio of positions subject to market risk of the group in question to calculate the (theoretical) own funds requirement, including the (less significant) portfolios of the subsidiaries.</p> <p>Template C 91.00 is exclusively dedicated to the (theoretical) own funds requirements under the MKR-ASA. The fact that an entity reports template C 91.00 at consolidated level does not imply that any individual entity belonging to the group in question automatically has to report template C 91.00 at individual level; as stated above, the applicability of the reporting requirement is exclusively dependent on whether the conditions of Article 325a CRR for triggering the reporting requirement are met or not.</p>	
Application date versus derogation for Article 94 CRR in Annex II	One respondent asked for confirmation of the first reference date for the reporting of template C 90.00 in the light of the statements in Annex II.	The idea behind the provisions of paragraphs 9a and 11 of Annex II as they were consulted was to eliminate the need to provide information on positions predating the date of application of the ITS	Amendments to instructions

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	Page 5 of the consultation suggests a first reporting reference date of 31 March 2021. However, Annex II, paragraph 9a, states that the first reference date is 28 June 2021.	<p>on the basis of concepts that become relevant and applicable only with the date of application of the relevant provisions of the CRR, the delegated act and the ITS.</p> <p>With the first reference date of the reporting being postponed to September 2021 (see above), those provisions became obsolete and were removed.</p>	
Treatment of positions subject to more than one type of market risk in the threshold calculations, addition of long and short positions (C 90.00)	One respondent indicated a lack of clarity on how positions subject to multiple types of market risk (foreign exchange risk and interest rate risk) should be treated in the context of the threshold calculation. Another one asked for a clarification of the relationship between the provisions of point (f) of Article 325a (2) CRR and those of points (d) and (e) of that paragraph.	Both matters relate to the interpretation of the provisions of the CRR itself and are therefore outside the scope of this consultation.	No change
Historical data for the past 11 reference dates	<p>One respondent questioned the need to request information on the past 11 reference dates in template C 90.00, on the basis of the following considerations:</p> <ul style="list-style-type: none"> ▪ In the case of quarterly reporting, information on the month-ends $t-3$ to $t-12$ is already available from earlier reports. ▪ In cases where the submission of a certain template or set of templates is subject to the condition of thresholds being broken, and therefore subject to the 'entry and exit criteria' stipulated in Article 4 of Regulation (EU) No 680/2014 (ITS on Reporting), no historical 	<p>The entry and exit criteria of Articles 94 and 325a CRR are different from those of Article 4 of the ITS on Reporting, as they consider not only the recent history (last 3 months), but also long-term development (6 out of the last 12 months). Considering that exceeding the thresholds of Article 94 or 325a CRR has further-reaching impacts than exceeding the thresholds affected by the provisions of Article 4 of the ITS on Reporting, closer monitoring is warranted.</p> <p>The provision of data on the reference date and the preceding 11 months facilitates the monitoring of the thresholds at a glance, which was the original driver for the design of template C 90.00. With a view to</p>	See column 'EBA analysis'

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	<p data-bbox="584 331 1093 387">data for calculating thresholds are delivered in the reports.</p> <p data-bbox="535 411 1093 504">Reporting historical data involves an additional reporting burden, and equal cases should be treated equally.</p>	<p data-bbox="1122 331 1697 451">reducing the effort needed to report the information, the reporting requirements have been amended to cover only the reference date and the preceding two month-ends.</p>	
<p data-bbox="159 544 510 632">Exemption of certain positions from the scope of application of the MKR-ASA (C 91.00)</p>	<p data-bbox="535 544 1093 679">One respondent asked for additional clarifications on how to report positions that might be excluded from the scope of application of the alternative standardised approach in C 91.00</p>	<p data-bbox="1122 544 1697 695">Whether or not certain positions may be exempted from the calculation of own funds requirements under the MKR-ASA is a matter relating to the interpretation of the provisions of the CRR itself and therefore outside the scope of this consultation.</p>	<p data-bbox="1722 608 1921 632">No change</p>

