

EN
ANNEX II

ANNEX II
SPECIFIC REPORTING REQUIREMENTS FOR MARKET RISK

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PART I: GENERAL INSTRUCTIONS

1. Structure and conventions

1.1 Structure

1. Overall, the framework consists of two separate templates:
 - (a) a template containing information on the thresholds of Article 94 CRR and Article 325a CRR and
 - (b) the summary of the positions and theoretical own funds requirements under the Alternative Standardised approach.

1.2 Numbering convention

2. The document follows the labelling convention set in the following table, when referring to the columns, rows and cells of the templates. These numerical codes are extensively used in the validation rules.
3. The following general notation is followed in the instructions: {Template;Row;Column}.
4. In the case of validations inside a template, in which only data points of that template is used, notations do not refer to a template: {Row;Column}.
5. In the case of templates with only one column, only rows are referred to. {Template;Row}
6. An asterisk sign is used to express that the validation is done for the rows or columns specified before.

1.3 Sign convention

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

1.4 Abbreviations

8. For the purposes of this Annex, Regulation (EU) No 575/2013 is referred to as 'CRR', and Directive 2013/36/EU of the European Parliament and of the Council is referred to as 'CRD'.

PART II: TEMPLATE RELATED INSTRUCTIONS

1. C 90.00 – Trading book and market risk thresholds

1.1 General remarks

9. The information provided in this template shall reflect the result of the calculation of Article 94 CRR (derogation for small trading book business) and the size of an institutions' on- and off-balance sheet subject to market risk in accordance with Article 325a CRR which determine whether the obligation to report information on the 'alternative standardised approach' or the 'alternative internal models approach' in accordance with Article 430 CRR applies.
- 9a. All references to Article 94 CRR in the instruction to this template shall refer to Article 94 CRR as applicable from 28 June 2021. The information on the threshold of Article 94 CRR (columns 0050 and 0060) shall only be reported for reference dates after the 28 June 2021.

1.2 Instructions concerning specific positions

10. The result of the calculation of Article 94 CRR and information on the size of an institutions' on- and off-balance sheet subject to market risk in accordance with Article 325a CRR shall be reported for each month-end separately in rows 0010 to 0120.

The monitoring of the conditions for both the application of the derogation for small trading book business, in particular Article 94 (7) and (8) CRR, and the obligation to report information on the alternative standardised and internal model approaches, in particular 325a (5) and (6) CRR, requires data from the reference date (T) and the preceding 11 months.

11. During the first 12 months of the application of this Regulation, institutions shall report information on the threshold of Article 325a CRR only for the reference date and the preceding month-ends at which this Regulation was already applicable. Information on the threshold of Article 94 CRR shall be reported only for the reference date and preceding month-ends after the 28 June 2021.

Row	Legal references and instructions
0010	<u>T (Reference date)</u>
0020	<u>T- 1 month</u>
0030	<u>T- 2 month</u>
0040	<u>T- 3 month</u>
0050	<u>T- 4 month</u>
0060	<u>T- 5 month</u>

0070	<u>T- 6 month</u>
0080	<u>T- 7 month</u>
0090	<u>T- 8 month</u>
0100	<u>T- 9 month</u>
0110	<u>T- 10 month</u>
0120	<u>T- 11 month</u>

12. The columns of the template provide an overview of the on- and off-balance sheet business subject to market risk. Column 0020 and 0030 contain a breakdown into on-balance sheet and off-balance sheet business for all positions (irrespective of the allocation to the banking book or the trading book). Columns 0040 to 0110 break the on-and off-balance sheet business subject to market risk down by trading book and non-trading book.

Question for consultation

Q1. The 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?

Column	Legal references and instructions
0010	<u>On- and off-balance sheet business subject to market risk</u> Article 325a (1) CRR Institutions shall report the absolute amount reflecting the institution's on- and off-balance sheet business subject to market risk according to Article 325a CRR.
0020	<u>On-balance sheet business (subject to market risk)</u>
0030	<u>Off-balance sheet business (subject to market risk)</u>
0040 – 0100	<u>Breakdown by regulatory book</u> On- and off-balance sheet business subject to market risk shall be broken down by trading book and non-trading book.
0040	<u>Trading book</u> Points a, c and f of Article 325a (2) CRR

0050 – 0060	<p><u>of which: Trading book business for the purpose of Article 94 CRR</u></p> <p>Article 94 (3) CRR</p> <p>In accordance with point b of Article 94 (3) CRR, institution shall report either market values, fair values or the most recent market value or fair value.</p>
0050	<p><u>Total</u></p> <p>Article 94 (3) CRR</p> <p>The absolute amount of long and short positions shall be summed up according to point c of Article 94 (3) CRR.</p>
0060	<p><u>in % of total assets</u></p> <p>Article 94 (1) CRR</p> <p>The size of the trading book business for the purposes of Article 94 CRR shall be expressed as a percentage of the total assets.</p>
0090 – 0100	<p><u>Non-trading book</u></p> <p>Points d, e and f of Article 325a (2) CRR</p> <p>Non-trading book positions subject to market risk shall be reported broken down into positions subject to foreign exchange risk and positions subject to commodity risk.</p> <p>The relevant amounts shall be determined in accordance with points d and e of Article 325a (2) CRR.</p>
0110	<p><u>in % of total assets</u></p> <p>Point a of Article 325a (1) CRR</p> <p>The on- and off-balance sheet business subject to market risk shall be expressed as a percentage of the total assets.</p>
0120	<p><u>Total assets</u></p> <p>Point a of Article 94 (1) CRR</p> <p>Point a of Article 325a (1) CRR</p>

2. C 91.00 – Market Risk: Alternative Standardised Approach Summary (MKR ASA SUM)

2.1 General Remarks

13. This template provides summary information on the calculation of own funds requirements for Market Risk under the Alternative Standardised Approach (ASA) according to Part Three, Title IV, Chapter 1a of the CRR.
14. Under the Alternative Standardised Approach (ASA) institutions shall calculate the own funds requirements for market risk for a portfolio of trading book

positions or non-trading book positions that are subject to foreign exchange or commodity risk as the sum of the following three components:

- a) The own funds requirement under the sensitivities-based method as set out in Part Three, Title IV, Chapter 1a, Section 2 of the CRR;
- b) The own funds requirement for the default risk as set out in Part Three, Title IV, Chapter 1a, Section 5 of the CRR for positions in the trading book;
- c) The own funds requirements for residual risks as set out in Part Three, Title IV, Chapter 1a, Section 4 of the CRR for positions in the trading book.

2.2 Instructions concerning specific positions

Column	Legal references and instructions
0010 – 0150	<p><u>Positions subject to the sensitivities-based method</u></p> <p>The own funds requirements calculated under the sensitivities-based method for delta, vega and curvature risks for instruments with and without optionality, as applicable, shall be reported separately and as a sum in the template.</p> <p>The process to calculate the risk-class specific own funds requirements is performed for three different scenarios per risk class, which shall be reflected in separate section of the template:</p> <ul style="list-style-type: none"> - the low correlation scenario in columns 0040 to 0070 - the medium correlation scenario in columns 0080 to 0110 and - the high correlation scenario in columns 0120 to 0150.
0010 – 0030	<p><u>Unweighted delta sensitivities</u></p>
0010	<p><u>Unweighted delta sensitivities – Positive</u></p> <p>Article 325f (3), 325r CRR.</p> <p>Institutions shall calculate the sensitivity of their portfolio for each risk factor within the risk class in accordance with Article 325f (3) CRR. They shall report the sum of all positive sensitivities to delta risk factors within the risk class.</p>
0020	<p><u>Unweighted delta sensitivities – Negative</u></p> <p>Article 325f (3), 325r CRR.</p> <p>Institutions shall calculate the sensitivity of their portfolio for each risk factor within the risk class in accordance with Article 325f (3) CRR. They shall report the sum of all negative sensitivities to delta risk factors within the risk class.</p>
0030	<p><u>Unweighted delta sensitivities – Net sensitivities per risk class</u></p>

	Institutions shall report the sum of net all positive and all negative sensitivities to the different delta risk factors within a risk class.
0040, 0080, 0120	<p><u>Delta Risk</u></p> <p>Point a of Article 325e (1), Article 325f CRR.</p> <p>Institution shall report the risk-class specific own funds requirement for delta risk referred to in Article 325f (8) CRR under the applicable scenario.</p>
0050, 0090, 0130	<p><u>Vega Risk</u></p> <p>Point b of Article 325e (1), Article 325f CRR</p> <p>Institution shall report the risk-class specific own funds requirement for vega risk referred to in article 325f (8) CRR under the applicable scenarios.</p>
0060, 0100, 0140	<p><u>Curvature Risk</u></p> <p>Point c of Article 325e (1), Article 325g CRR</p>
0070, 0110, 0150	<p><u>Total</u></p> <p>Article 325h (3) CRR.</p> <p>Institutions shall report the sum of the delta, vega and curvature risk-class specific own funds requirements for each scenario.</p>
0160 – 0170	<p><u>Positions subject to default risk – Gross jump-to-default (JTD) amounts</u></p> <p>Institutions shall report the gross jump-to-default amounts for their exposures to non-securitisation instruments as set out in Article 325w CRR, for securitisations not included in the ACTP a set out in Article 325z CRR and for securitisation exposures and non-securitisation exposures included in the ACTP as set out in Article 325ac of CRR with a breakdown between long and short exposures.</p>
0160	<u>Long</u>
0170	<u>Short</u>
0180	<p><u>Positions subject to residual risk – Gross notional value</u></p> <p>Article 325u CRR.</p> <p>Institutions shall report the gross notional amounts, as referred to in Article 325u (3) CRR, of instruments described in Article 325u (2) CRR that are subject to the own funds requirement for residual risks in accordance with Articles 325u (1) and (4) CRR.</p>

0190	<p><u>Own Funds Requirements</u></p> <p>Article 325h (4), 325w to 325ad, 325u CRR</p> <p>The capital charge as determined based on Part Three, Title IV, Chapter 1a of the CRR for positions within the scope of application of the alternative standardised approach.</p>
0200	<p><u>Total risk exposure amount</u></p> <p>Point b of Article 92(4) CRR, Article 92 (4) CRR</p>

Row	Legal references and instructions
0010	<u>Total (alternative standardised approach)</u>
0020 – 0080	<p><u>Sensitivities-based method</u></p> <p>Part Three, Title IV, Chapter 1a., Section 2 CRR</p>
0020	<p><u>General interest rate risk (GIRR)</u></p> <p>Article 325d (1) point (i) CRR</p>
0030	<p><u>Credit spread risk for non-securitisations (CSR)</u></p> <p>Article 325d (1) point (ii) CRR</p>
0040	<p><u>Credit spread risk for securitisation not included in the alternative correlation trading portfolio (non-ACTP CSR)</u></p> <p>Article 325d (1) point (iii) CRR</p>
0050	<p><u>ACTP CSR – Credit spread risk for securitisation included in the alternative correlation trading portfolio (ACTP CSR)</u></p> <p>Article 325d (1) point (iv) CRR</p>
0060	<p><u>Equity risk (EQU)</u></p> <p>Article 325d (1) point (v) CRR</p>
0070	<p><u>Commodity risk (COM)</u></p> <p>Article 325d (1) point (vi) CRR</p>
0080	<u>Foreign exchange risk (FX)</u>

	Article 325d (1) point (vii) CRR
0090 – 0110	<u>Default risk</u> Part Three, Title IV, Chapter 1a., Section 5 CRR
0090	<u>Non-securitisations</u> Part Three, Title IV, Chapter 1a., Section 5, Subsection 1 CRR
0100	<u>Securitisation not included in the alternative correlation trading portfolio (non-ACTP)</u> Part Three, Title IV, Chapter 1a., Section 5, Subsection 2 CRR
0110	<u>Securitisation included in the alternative correlation trading portfolio (ACTP)</u> Part Three, Title IV, Chapter 1a., Section 5, Subsection 3 CRR
0120 – 0130	<u>Residual risk</u> Part Three, Title IV, Chapter 1a, Section 4 CRR
0120	<u>Exotic underlyings</u> Article 325u (2) (a) CRR.
0130	<u>Other residual risks</u> Article 325u (2) (b) CRR

Questions for consultation

Q2. Are the scope and level of application of the reporting requirements and the content of the templates and the instructions clear?