

Bank of England

Prudential Regulation Authority

ANNEX II

INSTRUCTIONS FOR REPORTING ON OWN FUNDS AND OWN FUNDS REQUIREMENTS

3.9.1. C 34.02 – Counterparty credit risk (CCR) exposures by approach

3.9.1.1. General remarks

1. Institutions shall report the template separately for all CCR exposures and for all CCR exposures excluding exposures to central counterparties (CCPs) as defined for the purpose of template C 34.10.

3.9.1.2. Instructions concerning specific positions

Columns	
0010	<p><u>NUMBER OF COUNTERPARTIES</u></p> <p>Number of individual counterparties towards which the institution has CCR exposures.</p>
0020	<p><u>NUMBER OF TRANSACTIONS</u></p> <p>Number of transactions subject to counterparty credit risk at the reporting date. Note that for CCP business numbers should not comprise in or outflows but the overall positions in the CCR portfolio at the reporting date. Furthermore, a derivative instrument or SFT that is split into two or more legs (at least) for the sake of modelling shall still be considered as one single transaction.</p>
0030	<p><u>NOTIONAL AMOUNTS</u></p> <p>Sum of the notional amounts for derivatives and for SFTs before any netting and without any adjustments in accordance with Article 279b of the Counterparty Credit Risk (CCR) Part of the PRA Rulebook.</p>
0040	<p><u>CURRENT MARKET VALUE (CMV), POSITIVE</u></p> <p>Article 272(12) of the CCR Part of the PRA Rulebook</p> <p>Sum of the current market values (CMV) of all the netting sets with positive CMV as defined in Article 272(12) of the CCR Part of the PRA Rulebook.</p>

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0050	<p><u>CURRENT MARKET VALUE (CMV), NEGATIVE</u></p> <p>Article 272(12) of the CCR Part of the PRA Rulebook</p> <p>Sum of the absolute current market values (CMV) of all the netting sets with negative CMV as defined in Article 272(12) of the CCR Part of the PRA Rulebook.</p>
0060	<p><u>VARIATION MARGIN (VM), RECEIVED</u></p> <p>Article 275(2), 275(3) and 276 of the CCR Part of the PRA Rulebook</p> <p>Sum of the variation margin amounts (VM) of all the margin agreements for which the VM is received, computed in accordance with Article 276 of the CCR Part of the PRA Rulebook.</p>
0070	<p><u>VARIATION MARGIN (VM), POSTED</u></p> <p>Article 275(2), 275(3) and 276 of the CCR Part of the PRA Rulebook</p> <p>Sum of the variation margin amounts (VM) of all the margin agreements for which the VM is posted, computed in accordance with Article 276 of the CCR Part of the PRA Rulebook.</p>
0080	<p><u>NET INDEPENDENT COLLATERAL AMOUNT (NICA), RECEIVED</u></p> <p>Article 272(12), 275(3) and 276 of the CCR Part of the PRA Rulebook</p> <p>Sum of the net independent collateral amounts (NICA) of all the margin agreements for which the NICA is received, computed in accordance with Article 276 of the CCR Part of the PRA Rulebook.</p>
0090	<p><u>NET INDEPENDENT COLLATERAL AMOUNT (NICA), POSTED</u></p> <p>Article 272(12), 275(3) and 276 of the CCR Part of the PRA Rulebook</p> <p>Sum of the net independent collateral amounts (NICA) of all the margin agreements for which the NICA is posted, computed in accordance with Article 276 of the CCR Part of the PRA Rulebook.</p>
0100	<p><u>REPLACEMENT COST (RC)</u></p> <p>Articles 275, 281 and 282 of the CCR Part of the PRA Rulebook</p> <p>The replacement cost (RC) per netting set shall be calculated in accordance with:</p> <ul style="list-style-type: none"> - Article 282(3) of the CCR Part of the PRA Rulebook for the Original Exposure Method, - Article 281 of the CCR Part of the PRA Rulebook for the Simplified SA-CCR, - Article 275 of the CCR Part of the PRA Rulebook for the SA-CCR. <p>The institution shall report the sum of the replacement costs of the netting sets in the respective row.</p>

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0110	<p><u>POTENTIAL FUTURE EXPOSURE (PFE)</u></p> <p>Articles 278, 281 and 282 of the CCR Part of the PRA Rulebook</p> <p>The potential future exposure (PFE) per netting set shall be calculated in accordance with:</p> <ul style="list-style-type: none"> - Article 282(4) of the CCR Part of the PRA Rulebook for the Original Exposure Method, - Article 281 of the CCR Part of the PRA Rulebook for the Simplified SA-CCR, - Article 278 of the CCR Part of the PRA Rulebook for the SA-CCR. <p>The institution shall report the sum of all potential future exposures of the netting sets in the respective row.</p>
0120	<p><u>CURRENT EXPOSURE</u></p> <p>Article 272(17) of Regulation (EU) No 575/2013</p> <p>The current exposure per netting set shall be the value as defined under Article 272(17) of Regulation (EU) No 575/2013.</p> <p>The institution shall report the sum of all current exposures of the netting sets in the respective row.</p>
0130	<p><u>EFFECTIVE EXPECTED POSITIVE EXPOSURE (EEPE)</u></p> <p>Articles 272(22) and 284(3) and 284(6) of Regulation (EU) No 575/2013</p> <p>The EEPE per netting set is defined in Article 272(22) of Regulation (EU) No 575/2013 and shall be calculated in accordance with Article 284(6) of Regulation (EU) No 575/2013.</p> <p>The institution shall report the sum of all EEPEs applied for the determination of own funds requirements in accordance with Article 284(3) of Regulation (EU) No 575/2013, i.e. either the EEPE calculated using current market data, or the EEPE calculated using a stress calibration, whichever leads to a higher own funds requirement.</p>
0140	<p><u>ALPHA USED FOR COMPUTING REGULATORY EXPOSURE VALUE</u></p> <p><u>Article 274(2), 281(1) and 282(2), of the CCR Part of the PRA Rulebook, and article 284(4) and (9) of Regulation (EU) No 575/2013</u></p> <p><u>The value of α is fixed as 1.4 in the rows for OEM in accordance with Articles 282(2) of the CCR Part of the PRA Rulebook. The value of α is fixed as 1.4 in the rows for all counterparties (except for non-financial counterparties and pension scheme arrangements) in the rows for Simplified SA-CCR (sSA-CCR) and SA-CCR in accordance with Articles 281(1) and 274(2), respectively, of the CCR Part of the PRA Rulebook.</u></p>

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	<p><u>For transactions with non-financial counterparties and pension scheme arrangements under the sSA-CCR and SA-CCR approaches, the value of α is fixed as 1 in accordance with Articles 281(1) and 274(2), respectively, of the CCR Part of the PRA Rulebook.</u></p> <p>For IMM purposes, the value of α can either be the default of 1.4 or different when competent authorities require a higher α in accordance with Article 284(4) of Regulation (EU) No 575/2013 or permit institutions to use their own estimates in accordance with Article 284(9) of that Regulation.</p>
0150	<p><u>EXPOSURE VALUE PRE-CRM</u></p> <p>The exposure value pre-CRM for CCR netting sets shall be calculated in accordance with the methods laid down in Part Three, Title II, Chapters 4 and 6 of Regulation (EU) No 575/2013 taking into account the effect of netting, but disregarding any other credit risk mitigation techniques (e.g. margin collateral).</p> <p>In the case of SFTs the security leg shall not be considered in the determination of the exposure value pre-CRM when collateral is received and therefore shall not decrease the exposure value. On the contrary, the SFTs security leg shall be considered in the determination of the exposure value pre-CRM in the regular way when collateral is posted.</p> <p>Furthermore, collateralised business shall be handled as uncollateralised, i.e. no margining effects apply.</p> <p>The exposure value pre-CRM for transactions where specific wrong way risk has been identified must be determined in accordance with Article 291 of Regulation (EU) No 575/2013.</p> <p>The exposure value pre-CRM shall not consider the deduction of the incurred CVA loss in accordance with Article 273(6) of the CCR Part of the PRA Rulebook.</p> <p>The institution shall report the sum of all exposure values pre-CRM in the respective row.</p>
0160	<p><u>EXPOSURE VALUE POST-CRM</u></p> <p>The exposure value post-CRM for CCR netting sets shall be calculated in accordance with the methods laid down in Part Three, Title II, Chapters 4 and 6 of Regulation (EU) No 575/2013, having applied CRM techniques as applicable in accordance with Part Three, Title II, Chapters 4 and 6 of that Regulation.</p> <p>The exposure value post-CRM for transactions where specific wrong way risk has been identified must be determined in accordance with Article 291 of Regulation (EU) No 575/2013.</p>

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	<p>The exposure value post-CRM shall not consider the deduction of the incurred CVA loss in accordance with Article 273(6) of the CCR Part of the PRA Rulebook.</p> <p>The institution shall report the sum of all exposure values post-CRM in the respective row.</p>
0170	<p><u>EXPOSURE VALUE</u></p> <p>Exposure value for CCR netting sets calculated in accordance with the methods laid down in Part Three, Title II, Chapters 4 and 6 of Regulation (EU) No 575/2013, which is the amount relevant for the calculation of risk weighted exposure amounts, i.e. having applied CRM techniques as applicable in accordance with Part Three, Title II, Chapters 4 and 6 of Regulation (EU) No 575/2013 and considering the deduction of the incurred CVA loss in accordance with Article 273(6) of the CCR Part of the PRA Rulebook.</p> <p>The exposure value for transactions where specific wrong way risk has been identified must be determined in accordance with Article 291 of Regulation (EU) No 575/2013.</p> <p>For cases in which more than one CCR approach is used for a single counterparty, the incurred CVA loss, which is deducted at counterparty level, shall be assigned to the exposure value of the different netting sets in each CCR approach reflecting the proportion of the exposure value post-CRM of the respective netting sets to the total exposure value post-CRM of the counterparty.</p> <p>The institution shall report the sum of all exposure values in the respective row.</p>
0180	<p><u>Positions treated with the CR Standardised Approach</u></p> <p>Exposure value for CCR of positions that are treated with the standardised approach for credit risk in accordance with Part Three, Title II, Chapter 2 of Regulation (EU) No 575/2013.</p>
0190	<p><u>Positions treated with the CR IRB Approach</u></p> <p>Exposure value for CCR of positions that are treated with the IRB approach for credit risk in accordance with Part Three, Title II, Chapter 3 of Regulation (EU) No 575/2013.</p>
0200	<p><u>RISK WEIGHTED EXPOSURE AMOUNTS</u></p> <p>Risk weighted exposure amounts for CCR as defined in Article 92(3) and (4) of Regulation (EU) No 575/2013, calculated in accordance with the methods laid down in Part Three, Title II, Chapters 2 and 3.</p> <p>The SME and infrastructure supporting factors laid down in Article 501 and in Article 501a of Regulation (EU) No 575/2013 shall be taken into account.</p>

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0210	<p><u>Positions treated with the CR Standardised Approach</u></p> <p>Risk weighted exposure amounts for CCR exposures that are treated with the standardised approach for credit risk in accordance with Part Three, Title II, Chapter 2 of Regulation (EU) No 575/2013.</p> <p>The amount corresponds to the amount that shall be included in column 0220 of template C 07.00 for CCR positions.</p>
0220	<p><u>Positions treated with the CR IRB Approach</u></p> <p>Risk weighted exposure amounts for CCR exposures that are treated with the IRB approach for credit risk in accordance with Part Three, Title II, Chapter 3 of Regulation (EU) No 575/2013.</p> <p>The amount corresponds to the amount that shall be included in column 0260 of template C 08.01 for CCR positions.</p>

Row	
0010	<p><u>ORIGINAL EXPOSURE METHOD (FOR DERIVATIVES)</u></p> <p>Derivatives and long settlement transactions for which the institution calculates the exposure value in accordance with Article 282 of the CCR part of the PRA Rulebook. This simplified method for calculating the exposure value can only be used by institutions meeting the conditions laid down in Article 273a(2) or 273a(4) of the CCR Part of the PRA Rulebook.</p>
0020	<p><u>SIMPLIFIED STANDARDISED APPROACH FOR CCR (SIMPLIFIED SA-CCR FOR DERIVATIVES)</u></p> <p>Derivatives and long settlement transactions for which the institution calculates the exposure value in accordance Article 281 of the CCR Part of the PRA Rulebook. This simplified standardised approach for calculating the exposure value can only be used by institutions meeting the conditions laid down in Article 273a(1) or 273a(4) of of the CCR Part of the PRA Rulebook.</p>
0030	<p><u>STANDARDISED APPROACH FOR CCR (SA-CCR FOR DERIVATIVES)</u></p> <p>Derivatives and long settlement transactions for which the institution calculates the exposure value in accordance with Article 274 of the CCR Part of the PRA Rulebook.</p>
0040	<p><u>IMM (FOR DERIVATIVES AND SFTS)</u></p> <p>Derivatives, long settlement transactions and SFTs for which the institution has been permitted to calculate the exposure value using the Internal Model</p>

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	Method (IMM) in accordance with Part Three, Title II, Chapter 6, Section 6 of Regulation (EU) No 575/2013.
0050	<p><u>Securities financing transactions netting sets</u></p> <p>Netting sets containing only SFTs as defined in Article 4(139) of Regulation (EU) No 575/2013, for which the institution has been permitted to determine the exposure value using the IMM.</p> <p>SFTs that are included in a contractual cross product netting set and therefore reported in row 0070, shall not be reported in this row.</p>
0060	<p><u>Derivatives and long settlement transactions netting sets</u></p> <p>Netting sets containing only derivative instruments listed in Annex II of Regulation (EU) No 575/2013 and long settlement transactions as defined in Article 272(2) of Regulation (EU) No 575/2013, for which the institution has been permitted to determine the exposure value using the IMM.</p> <p>Derivatives and Long Settlement Transactions that are included in a contractual Cross Product Netting set and therefore reported in row 0070, shall not be reported in this row.</p>
0070	<p><u>From contractual cross-product netting sets</u></p> <p>Article 272(11) and (25) of Regulation (EU) No 575/2013</p> <p>Netting sets containing transactions of different product categories (Article 272(11) of Regulation (EU) No 575/2013), i.e. derivatives and SFTs, for which a contractual cross product netting agreement as defined in Article 272 (25) of Regulation (EU) No 575/2013 exists and for which the institution has been permitted to determine the exposure value using the IMM.</p>
0080	<p><u>FINANCIAL COLLATERAL SIMPLE METHOD (FOR SFTS)</u></p> <p>Article 222 of Regulation (EU) No 575/2013</p> <p>Repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions for which the institution has chosen to determine the exposure value in accordance with Article 222 of Regulation (EU) No 575/2013 as opposed to Part Three, Title II, Chapter 6 of that Regulation in accordance with Article 271(2) of the same regulation.</p>
0090	<p><u>FINANCIAL COLLATERAL COMPREHENSIVE METHOD (FOR SFTS)</u></p> <p>Article 220 and 223 of Regulation (EU) No 575/2013</p> <p>Repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions for which the institution has chosen to determine the exposure value in accordance with Article 223 of Regulation (EU) No 575/2013, as opposed to Part</p>

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	Three, Title II, Chapter 6 of that Regulation in accordance with Article 271(2) of the same regulation.
0100	<p><u>VAR FOR SFTS</u></p> <p>Article 221 of Regulation (EU) No 575/2013</p> <p>Repurchase transactions, securities or commodities lending or borrowing transactions or margin lending transactions, or other capital market-driven transactions other than derivative transactions for which, in accordance with Article 221 of Regulation (EU) No 575/2013 and subject to the permission of the competent authority, the exposure value is calculated using an internal model approach that takes into account correlation effects between security positions subject to the master netting agreement, as well as the liquidity of the instruments concerned.</p>
0110	<u>TOTAL</u>
0120	<p><u>Of which: SWWR positions</u></p> <p>Article 291 of Regulation (EU) No 575/2013</p> <p>CCR exposures for which specific wrong way risk (SWWR) has been identified in accordance with Article 291 of Regulation (EU) No 575/2013.</p>
0130	<p><u>Margined business</u></p> <p>Article 272(7) of Regulation (EU) No 575/2013</p> <p>CCR exposures that are margined, i.e. netting sets subject to a margin agreement in accordance with Article 272(7) of Regulation (EU) No 575/2013.</p>
0140	<p><u>Unmargined business</u></p> <p>CCR exposures not covered in 0130.</p>