Commission Implementing Regulation (EU) 2018/1627 of 9 October 2018 amending Implementing Regulation (EU) No 680/2014 as regards prudent valuation for supervisory reporting (Text with EEA relevance)

COMMISSION IMPLEMENTING REGULATION (EU) 2018/1627

of 9 October 2018

amending Implementing Regulation (EU) No 680/2014 as regards prudent valuation for supervisory reporting

(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 investment firms and amending Regulation (EU) No 648/2012[(1)] and in particular the fourth subparagraph of Article 99(5), the fourth subparagraph of Article 99(6), the third subparagraph of Article 394(4) the fourth subparagraph of Article 415(3) and the third subparagraph of Article 430(2) thereof,

Whereas:

(1) Commission Implementing Regulation (EU) No 680/2014[(2)] specifies the modalities according to which institutions are required to report information relevant to their compliance with Regulation (EU) No 575/2013. The regulatory framework established by Regulation (EU) No 575/2013 is gradually being supplemented and amended in its non-essential elements by the adoption of further regulatory technical standards. Implementing Regulation (EU) No 680/2014 needs to be updated to reflect those changes.

(2) Regulation (EU) No 575/2013 is supplemented by the adoption of Commission Delegated Regulation (EU) 2016/101[(3)], with regard to prudent valuation and by Regulation (EU) 2017/2401 of the European Parliament and of the Council[(4)], with regard to securitisation. Implementing Regulation (EU) No 680/2014 should be updated to reflect those changes and to provide further precision in the instructions and definitions used for the purposes of the institutions' supervisory reporting. Certain references and formatting inconsistencies which were discovered as misleading in the course of the application of Implementing Regulation (EU) No 680/2014 should also be clarified.

(3) Delegated Regulation (EU) 2016/101 sets out requirements relating to prudent valuation adjustments of fair-valued positions. It provides two approaches for the implementation of the prudent valuation requirements: a core approach and a simplified approach. To monitor compliance of institutions with those requirements and to assess the impact of that Regulation on valuation adjustments, additional reporting, relating to the prudent valuation requirements, is necessary.

Changes to legislation: *There are outstanding changes not yet made to Commission Implementing Regulation (EU) 2018/1627. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

(4) Regulation (EU) 2017/2401 amends Regulation (EU) No 575/2013 to make the capital treatment of securitisations more risk-sensitive and able to reflect properly the specific features of simple, transparent and standardised securitisations. Implementing Regulation (EU) No 680/2014 needs to be amended to accommodate the reporting on securitisation positions subject to this revised securitisation framework.

(5) Amendments to Implementing Regulation (EU) No 680/2014 are also necessary to improve competent authorities' ability to effectively monitor and assess the institutions' risk profile and to obtain a view on the risks posed to the financial sector, which requires minor changes to the reporting requirements on the geographical distribution of exposures.

(6) This Regulation is based on the draft implementing technical standards submitted by the European Banking Authority (EBA) to the Commission.

(7) EBA has conducted open public consultations on the draft implementing technical standards on which this Regulation is based that relate to prudent valuation and the total geographical breakdown, 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 1093/2010 of the European Parliament and of the Council[(5)] in relation to those. In accordance with the second subparagraph of Article 15(1) of that Regulation, EBA has not conducted any open public consultation with regard to those parts of the draft implementing technical standards on which this Regulation is based that are either of editorial nature or introduce only a limited number of items in the supervisory reporting framework, as such consultation would be disproportionate in relation to the scope and impact of the draft implementing technical standards concerned.

(8) Implementing Regulation (EU) No 680/2014 should therefore be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

Implementing Regulation (EU) No 680/2014 is amended as follows:

(1) Article 5 is amended as follows:

(a) point (a) is amended as follows:

(i) point (4) is replaced by the following:

(4) the information on the geographical distribution of exposures by country, as well as aggregated at a total level, as specified in template 9 of Annex I, according to the instructions in Part II point 3.4 of Annex II. With regard to the information specified in templates 9.1 and 9.2 in particular, information on the geographical distribution of exposures by country shall be reported where non-domestic original exposures in all "non-domestic" countries in all exposures classes, as reported in row 850 of template 4 of Annex I, are equal or

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higher than 10 % of total domestic and non-domestic original exposures as reported in row 860 of template 4 of Annex I. For this purpose exposures shall be deemed to be domestic where they are exposures to counterparties located in the Member State where the institution is located. The entry and exit criteria of Article 4 shall apply;;

(ii) the following point (12) is added:

(12) the information on prudent valuation specified in template 32 of Annex I in accordance with the instructions in Part II, point 6 of Annex II as follows:

(i) all institutions shall report the information specified in template 32.1 of Annex I in accordance with the instructions in Part II, point 6 of Annex II;

(ii) in addition to the reporting referred to in point (i), institutions that apply the core approach pursuant to Regulation (EU) 2016/101 shall also report the information specified in template 32.2 of Annex I in accordance with the instructions in Part II, point 6 of Annex II;

(iii) in addition to the requirements referred to in points (i) and (ii), institutions that apply the core approach pursuant to Regulation (EU) 2016/101 and which exceed the threshold referred to in Article 4(1) of that Regulation at their respective reporting level, shall also report the information specified in templates 32.3 and 32.4 of Annex I in accordance with the instructions in Part II, point 6 of Annex II.

For the purposes of point (a)(12), the entry and exit criteria of Article 4 shall not apply.;

(b) point (b) is amended as follows:

In point (3) points (a), (b) and (c), the words ‘point 6 of Part II of Annex II’ are replaced by the words ‘point 7 of Part II of Annex II’;

(2) in Article 9(2), point (d) is replaced by the following:

(d) the information specified in template 20 in Part 2 of Annex III with a quarterly frequency where the institution exceeds the threshold defined in the second sentence of point (4) of Article 5(a). The entry and exit criteria referred to in Article 4 shall apply;;

(3) Annex I is replaced by the text set out in Annex I to this Regulation;

(4) Annex II is replaced by the text set out in Annex II to this Regulation;

(5) Annex V is replaced by the text set out in Annex III to this Regulation;

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(6) Annex IX is replaced by the text set out in Annex IV to this Regulation;

(7) Annex XI is replaced by the text set out in Annex V to this Regulation;

(8) Annex XVI is replaced by Annex VI to this Regulation;

(9) Annex XIX is replaced by the text set out in Annex VII to this Regulation;

(10) Annex XXI is replaced by the text set out in Annex VIII to this Regulation;

(11) Annex XXII is replaced by the text set out in Annex IX to this Regulation;

(12) Annex XXIII is replaced by the text set out in Annex X to this Regulation.

Article 2

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 December 2018.

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

Done at Brussels, 9 October 2018.

For the Commission

The President

Jean-Claude JUNCKER

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ANNEX I

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REPORTING ON OWN FUNDS AND OWN FUNDS REQUIREMENTS

COREP TEMPLATES			
Template number	Template code	Name of the template /group of templates	Short name
		CAPITAL ADEQUACY	CA
1	C 01.00	OWN FUNDS	CA1
2	C 02.00	OWN FUNDS REQUIREMENTS	CA2
3	C 03.00	CAPITAL RATIOS	CA3
4	C 04.00	MEMORANDUM ITEMS:	CA4
		TRANSITIONAL PROVISIONS	**CA5**
5,1	C 05.01	*TRANSITIONAL PROVISIONS*	CA5.1
5,2	C 05.02	*GRANDFATHERED INSTRUMENTS: INSTRUMENTS NOT CONSTITUING STATE AID*	CA5.2
		GROUP SOLVENCY	**GS**
6,1	C 06.01	GROUP SOLVENCY: INFORMATION ON AFFILIATES - TOTAL	GS Total
6,2	C 06.02	GROUP SOLVENCY: INFORMATION ON AFFILIATES	GS
		CREDIT RISK	**CR**
7	C 07.00	CREDIT AND COUNTERPARTY CREDIT RISKS AND FREE DELIVERIES: STANDARDISED	CR SA