EBA/RTS/2025/04

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Final Report

Draft regulatory technical standards on the calculation and aggregation of crypto exposure values under Article 501d(5) of the CRR 3

1 Contents

1. Executive summary

Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 (Capital Requirements Regulation – CRR 3) as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor[1] includes a transitional prudential treatment for banks' exposures in crypto-assets taking into account international standards and the legal framework introduced by Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937 (MiCA)[2]. The transitional treatment specifies the capital treatment of tokenised traditional assets (including Electronic Money Tokens (EMTs)), Asset Referenced Tokens (ARTs) and other crypto-assets). In particular, for these other crypto-assets, a total exposure limit is part of the transitional treatment. Furthermore, the transitional treatment also provides also reporting and disclosure requirements for exposures in crypto-assets and related activities. The transitional provisions specified in Article 501d of the CRR 3 have been applicable in the Union since 9 July 2024 (i.e. date of entry into force of Regulation (EU) 2024/1623 amending Regulation (EU) No 575/2013 (CRR 3).

Article 501d(5) of the CRR 3 mandates the EBA to develop draft regulatory technical standards (RTS) to specify the technical elements necessary for institutions to calculate their own funds requirements according to the approaches set out in Article 501d(2), first subparagraph, points (b) and (c), including how to calculate the value of the exposures in crypto-assets and how to aggregate short and long positions in crypto-assets for the purposes of the calculation during the transitional period and for the application of the total exposure limit in other crypto-assets (i.e. 1% of an institution's Tier 1 capital). In doing so, the EBA is required to take into consideration the international standards developed by the BCBS, as well as requirements laid down under MiCA. The EBA is required to submit those draft regulatory technical standards to the Commission by 10 July 2025.

These draft RTS aim to further specify the relevant capital treatment under the credit risk, including counterparty credit risk (CCR), market risk (MR) and credit valuation adjustment risk (CVA) framework for exposures under Article 501d(2), first subparagraph, points (b) (ARTs that reference one or more traditional asset(s)) and (c) ('other' crypto-assets) and Article 501d(2) subparagraph 2

[1] Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 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, 2024/1623, 19.6.2024, ELI: http://data.europa.eu/eli/reg/2024/1623/oj).

[2] Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937 (OJ L 150, 9.6.2023, p. 40, ELI: http://data.europa.eu/eli/reg/2023/1114/oj).

(crypto-assets exposures in tokenised traditional assets whose values depend on any other crypto-asset[3]), while achieving, to the extent possible, consistency with the Basel Committee on Banking Supervision (BCBS) standard SCO60 on prudential treatment of crypto-asset exposures (Basel standard SCO60).

These draft RTS include the relevant technical elements on the use of netting, aggregating of long and short positions, criteria to allow hedge recognition for other crypto-assets, and the underlying formulas relevant for calculating the exposure value of crypto-assets for the CCR and MR treatment.

These draft RTS also aim to ensure that institutions have reliable valuation processes of their crypto-asset exposures to ensure that they correctly calculate the own funds' requirements for exposures to crypto-assets within the scope of MiCA, which are not financial instruments or commodities. The EBA recommends that specific prudent valuation requirements for crypto-assets are introduced, at the latest, when the complete framework on crypto-asset exposures is implemented in the EU.

Next steps

The draft RTS will be submitted to the European Commission for adoption. Following the adoption by the Commission, these RTS will be subject to scrutiny by the European Parliament and the Council before being published in the *Official Journal of the European Union.*

[3] The exposures in crypto-assets falling under the second subparagraph are assigned the same treatment as those crypto-asset exposures falling under point (c) of Article 501d(2) CRR3.

2. Background and rationale

1. The development of crypto-assets markets and activities has been marked by significant market innovation and advancements. Credit institutions have shown increasing interest in getting involved in crypto-assets activities. This interest is driven by the potential for new revenue streams and the need to stay competitive in a rapidly evolving financial landscape. Credit institutions are exploring various roles, including acting as custodians of crypto-assets, issuing crypto-assets, and providing related services such as trading and lending on behalf of their clients. However, this involvement also comes with challenges, including regulatory compliance, risk management, and the need for a robust technological infrastructure.

2. Regulatory bodies have been actively working to establish comprehensive frameworks to oversee and supervise these activities. For instance, the European Union has implemented the Markets in Crypto-assets Regulation (Regulation (EU) 2023/1114), also known as MiCA, which regulates crypto-asset issuance and service provision in the European Union (EU). MiCA encompasses activities such as asset-referenced tokens (ARTs) and electronic money tokens (EMTs) issuance, offer to the public and admission to trading. MiCA came into force on 29 June 2023, with the provisions pertaining to ARTs and EMTs applicable from 30 June 2024.

3. The Basel Committee on Banking Supervision (BCBS) standard SCO60 on prudential treatment of crypto-asset exposures (Basel standard SCO60)[4], endorsed by the Governors and Heads of Supervision (GHoS) in December 2022 and published the same month, aims to provide a comprehensive, robust and prudent global regulatory framework for internationally active banks' exposures and operations in crypto-assets, with the objective of preserving financial stability while promoting responsible innovation. The Committee further consulted on a set of targeted revisions to the standard in December 2023 and published the revised standard in July 2024. GHoS agreed that the final standard should be implemented by 1 January 2026 in member jurisdictions.

4. In light of the ongoing market developments and of the importance of rapidly providing a prudential framework to institutions before the full implementation of the Basel standards on banks' exposures in crypto-assets in the EU, Regulation (EU) 2024/1623 amending Regulation (EU) No 575/2013 (CRR 3) introduces a transitional prudential treatment for crypto-assets taking into account international standards and the legal framework introduced by Regulation (EU) 2023/1114 (MiCA), specifying amongst others the capital treatment of exposures to EMTs, ARTs and 'other' crypto-assets, as well as a specific total exposure limit, reporting and disclosure requirements of exposures in crypto-assets and related activities. This transitional treatment

[4] https://www.bis.org/basel_framework/chapter/SCO/60.htm?inforce=20260101&published=20240717.

would enable institutions to adequately capitalise their exposures until the full implementation of the Basel standards.

5. According to Article 501d(1) of the CRR 3, by 30 June 2025, the Commission 'shall, where appropriate, submit a legislative proposal to the European Parliament and to the Council to introduce a dedicated prudential treatment for crypto-asset exposures, taking into account the international standards and Regulation (EU) 2023/1114'.

6. In the meantime, credit institutions are required to apply the transitional provisions specified in Article 501d(2) et seq. of the CRR 3 together with the rules set out in these regulatory technical standards (RTS)[5] for their crypto-assets exposures.

2.1 Draft RTS mandate on crypto-asset exposures

2.1.1 Analysis of the draft RTS mandate

7. According to the mandate in Article 501d(5), the EBA 'shall develop draft regulatory technical standards to specify the technical elements necessary for institutions to calculate their own funds requirements according to the approaches set out in paragraph 2, first subparagraph, points (b) and (c), including how to calculate the value of the exposures and how to aggregate short and long exposures for the purposes of paragraphs 2 and 3. In developing those draft regulatory technical standards, the EBA shall take into consideration the relevant internationally agreed prudential standards as well as existing authorisations in the Union under Regulation (EU) 2023/1114' (MiCA).

8. The mandate given to the EBA under Article 501d(5) of the CRR 3 includes in its scope ARTs whose issuers comply with Regulation (EU) 2023/1114 and that reference one or more traditional asset(s) and 'other crypto-assets' (including for example ARTs referencing a crypto-asset and unbacked crypto-assets, such as Bitcoin)[6].

9. Within the scope of the mandate, it is also necessary to specify how to determine the exposure value for transactions giving rise to counterparty credit risk within the credit risk framework and how to calculate the risk weighted exposure amount for market risk and/or credit valuation adjustment risk when institutions calculate the own funds requirements for exposures to ARTs and 'other' crypto-assets. For derivatives or securities financing transactions (SFTs) referencing crypto-assets, the exposure calculation must be further specified in order to operationalise the treatment laid down in Article 501d(2) of the CRR 3, for both counterparty credit risk and market risk.

10. The objective of these draft RTS is to further specify technical elements that ensure a sound prudential treatment of crypto-assets exposures in the EU, implementing the transitional

[5] From the moment the RTS enters into force.

[6] Out of scope of the mandate is point (a) of Article 501d(2) of the CRR 3 on tokenised traditional assets (including EMTs, see Article 5a(5) of CRR 3), due to the fact that those assets are treated as exposures in the traditional asset(s) that they represent and, thus, there is no need to lay down additional technical elements.

provisions laid down in CRR 3 and taking into consideration, to the extent possible, the Basel standard on prudential treatment of crypto-asset exposures. This will overall result in a proportionate and risk sensitive treatment of crypto-asset exposures and ensure that credit institutions will appropriately calculate and capitalise all the risk types of the crypto-assets exposures in a harmonised and robust manner.

11. One of the challenges while developing these draft RTS is to ensure that the EU MiCA-based classification of crypto-asset-exposures as specified in Article 501d of the CRR 3 is adhered to, while also taking into consideration the international standard and align some of the technical requirements for different crypto-assets. We note here that the Basel classification conditions for crypto-asset exposures might result in a different classification for some of these exposures compared to the transitional CRR 3 regime which incorporates elements of MiCA and the BCBS regime.

2.1.2 Capital treatment of crypto-asset exposures

12. These draft RTS specify the relevant capital treatment under the credit risk, including counterparty credit risk, market risk and credit valuation adjustment risk framework for exposures under Article 501d(2), first subparagraph, points (b) (ARTs that reference one or more traditional assets) and (c) 'other' crypto-assets and under Article 501d(2) subparagraph 2 (crypto-assets to tokenised traditional assets whose values depend on any other crypto-asset) of the CRR 3.

13. Considering the MiCA classification of crypto-assets that was reflected in the transitional treatment of the CRR 3, the Basel standard grouping of crypto-assets and the differences between the two, these draft RTS align to a certain extent the remaining elements of the capital treatment laid down in the transitional requirements in CRR 3 with the elements specified in the Basel standard, as follows:

    a. Crypto-assets referred to in Article 501d(2), first subparagraph, point (b), of the CRR are broadly subject to the general risk weight of 250%; in the BCBS standard this corresponds to the Group 1b crypto-assets[7], even though the capital treatment is simplified in CRR 3 with the uniform risk weight.

    b. Crypto-assets referred to in Article 501d(2), first subparagraph, point (c), of the CRR are subject to a general 1 250% RW. This is the same treatment as set out in the BCBS standard for Group 2b crypto-assets.

    c. For the definition of criteria for a limited recognition of hedging and netting, these draft RTS lay down provisions similar to those set out in the Basel standard[8]. Crypto-assets referenced in Article 501d(2), first subparagraph, point (c), of the CRR that

[7] Group 1b crypto-assets need to meet the classification conditions set out in the BCBS standard.

[8] SCO60.55 and SCO60.56.

meet these criteria, will have the same treatment as for Group 2a crypto-assets with the application of a general 1 250% RW for the credit risk RWA calculation.

d. Crypto-assets referred to in the second subparagraph of Article 501d (2) of the CRR follow the same treatment as the crypto-assets referred to in Article 501d(2), first subparagraph, point (c) of the CRR, which could be mapped to the Group 2a or Group 2b crypto-assets.

14. These draft RTS further specify that the risk weights laid down in Article 501d(2) must be applied to direct credit risk exposures nominated in crypto-assets. These draft RTS also specify rules to calculate the exposure value for SFTs to which this risk weight is applied. Exposures for derivative crypto-assets instruments that give rise to counterparty credit risk, are risk-weighted following the usual CCR approach, i.e. apply the counterparty's risk weight, if they fall under point (b). These draft RTS also incorporate a market risk framework for crypto-assets exposures that give rise to market risk. Crypto-assets exposures giving rise to market risk are not explicitly risk weighted in Art. 501d of Regulation (EU) 575/2013 (CRR 3), as such institutions should follow the market risk rules specified in these draft RTS for those exposures to ensure proportional and risk sensitive treatment.

15. Also, all the relevant technical elements of the Basel standards on the use of netting, aggregating long and short positions, hedge recognition criteria, and the underlying formulas relevant for calculating the exposure value of crypto-assets for the CCR, MR and CVA treatment are included in these draft RTS. These draft RTS include the possibility of recognising, subject to specific conditions, some hedging in the calculation of the crypto-asset exposures for a subset of the crypto-assets referred to in Article 501d(2), first subparagraph, point (c), of the CRR 3. These draft RTS also include the rules for aggregating long and short positions for calculating the total exposure limit in accordance with Article 501d(3).

16. These draft RTS also clarify how to apply the alternative standardised approach and the alternative internal models for the calculation of own funds requirements for crypto-assets exposures. The latter of those approaches will become applicable, once the CRR 3 market risk rules become applicable in the EU. Until then, the market risk own funds requirements for crypto-assets can only be calculated by using the simplified standardised approach. For the purposes of the output floor calculation, the alternative standardised approach can be used.

2.1.3 Valuation and accounting challenges of crypto-assets

17. To ensure the correct calculation of the own funds' requirements for exposures to crypto-assets it is important also to make sure that the valuation of crypto-asset exposures is reliable. However, there are currently no specific international accounting standards on crypto-assets.

18. In March 2019, the International Financial Reporting Interpretations Committee published, after approval by the International Accounting Standards Board, a tentative agenda decision to confirm the accounting treatment of cryptocurrencies applying the current International

Financial Reporting Standards (IFRS) framework and confirmed that cryptocurrencies[9] may meet the definition of either an intangible asset or inventory, depending on the circumstances. The IFRS concluded that a holding of cryptocurrency is not a financial asset. This is because a cryptocurrency is not cash. Nor is it an equity instrument of another entity. It does not give rise to a contractual right for the holder, and it is not a contract that will or may be settled in the holder's own equity instruments.

19. According to an ESMA analysis[10], prices of crypto–assets (without EMTs) are characterised by highly volatile 'boom and bust' cycles and an overall co-movement with equity markets.

20. While the degree of volatility is significantly higher for crypto-assets not referencing any other assets (unbacked crypto-assets), under certain market conditions also stablecoins have evidenced that their prices could significantly deviate from par. According to an analysis performed by S&P Global[11], the two largest stablecoins (USDC and USDT) exhibited in the period June 2021–June 2023 an annualised price volatility by 8.7% and 5.09% respectively.

21. Furthermore, it is expected that a significant part of crypto-assets regulated by MiCA[12] will be valued at fair value under the applicable accounting framework. Credit institutions may underestimate exposure value due to limited data, market fragmentation, and challenges with fair value methods in the crypto markets, also considering that crypto-assets in terms of number are often traded over the counter (OTC).

22. Against this background, the proposal for these draft RTS as consulted foresaw a provision that included crypto assets, to the extent they were not already included[13], in the scope of Regulation (EU) 2016/101 supplementing the CRR (the RTS on Prudent Valuation). However, considering the feedback received during the public consultation, and due to the transitional nature of these draft RTS as well as the expected limited impact of crypto-asset exposures in credit institutions balances sheets during the transitional period, introducing the prudent valuation requirements via these draft RTS was seen as not proportionate and as adding layers of complexity to the regulation. Therefore, the originally suggested provision was not included in these draft RTS.

23. Nonetheless, given the significant volatility of the value of many crypto assets and the valuation challenges described above, as well as the possibility of an increase of institutions' exposures

[9] The IFRS interpretation committee relates to a subset of crypto asset, i.e. 'cryptocurrencies' which are characterised by the following (a) digital or virtual currency recorded on a distributed ledger that uses cryptography for security, (b) not issued by a jurisdictional authority or other party, (c) does not give rise to a contract between the holder and another party.

[10] Crypto assets: Market structures and EU relevance

[11] Stablecoins: A Deep Dive into Valuation and Depegging

[12] MiCA applies to crypto-assets that do not fall within the scope of any other EU legislation. MiCA crypto-assets are neither financial instruments nor commodities, which means that such crypto-assets are not in the scope of the current RTS on Prudent Valuation under Article 105(14) of the CRR in force.

[13] it is important to note that in particular cleared or exchange traded instruments in crypto-assets in the form of derivatives and exchange traded funds or exchange traded notes are generally captured by Article 105 of Regulation (EU) No 575/2013, which is the basis for the prudent valuation framework, as such derivatives and ETFs/ETNs that are usually fair valued trading book items and qualify as 'financial instruments'.

to these assets, it is important that crypto-assets are adequately captured in the prudent valuation framework established in accordance with Article 105 of 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[14] at some point in the future. A regulatory gap has been found, making it technically correct to apply prudent valuation to crypto-asset exposures under MiCA. In conclusion, the EBA recommends that specific prudent valuation requirements for crypto-assets are introduced, at the latest, when the complete framework on crypto-asset exposures is implemented in the CRR. In the interim, the EBA notes that if a credit institution holds a significant amount of fair valued crypto assets, the competent authority has the power to intervene to ensure that the valuation risk is adequately mitigated.

2.2 Entry into force and application of the CRR 3

24. On 19 June 2024, Regulation (EU) 2024/1623 amending Regulation (EU) No 575/2013 (CRR 3) as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor was published in *the Official Journal of the European Union*.

25. Whilst most of the CRR 3 provisions apply from 1 January 2025, Article 501d on transitional provisions on the prudential treatment of crypto-assets has already been applicable since 9 July 2024.

26. In 2024, the European Commission adopted a delegated act[15] that postponed the date of application of the Basel III fundamental review of the trading book (FRTB) standards in the EU for the banks' calculation of their own funds' requirements for market risk by one year. The co-legislators are currently assessing a proposal that would extend that postponement period for another year, i.e. to 1 January 2027. During the postponement period, the current market risk framework remains applicable for credit institutions. These draft RTS take that element into account and, where necessary, lay down specific technical elements for both the current framework and the FRTB one. This means to ensure consistency between the application date of the own funds requirements for market risk as set out in Regulation (EU) 2024/1623 and these draft RTS; as such, the alternative standardised approach and the alternative internal model approach included in these draft RTS can only be applied for the calculation of unfloored own funds requirements for crypto-assets exposures once the new market risk rules have become applicable in the EU.

27. Consequently, during the postponement period, the unfloored market risk own funds requirements for crypto-assets can only be calculated by using the standardised approach, for

[14] 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 (OJ L 176, 27.6.2013, p. 1, ELI: http://data.europa.eu/eli/reg/2013/575/oj).

[15] https://webgate.ec.europa.eu/regdel/#/delegatedActs/2528

crypto-assets qualifying for a separate market risk treatment[16]. For purposes of the output floor calculation, either the alternative standardised approach or the standardised approach are applicable as specified in the Communication package provided by the European Commission and response from the EBA[17].

[16] I.e. crypto-assets referred to in Article 501d(2)(c) or 501d(2), second subparagraph of the CRR 3 that do not meet the hedging recognition criteria there is no specific market risk treatment as these are subject to the single own funds requirement calculation.

[17] https://www.eba.europa.eu/publications-and-media/press-releases/eba-responds-european-commissions-delegated-act-postponing-application-market-risk-framework-eu

3. Draft regulatory technical standards

In between the text of these draft RTS/ITS/guidelines/advice that follows, further explanations on specific aspects of the proposed text are occasionally provided, which either offer examples or provide the rationale behind a provision or set out specific questions for the consultation process. Where this is the case, this explanatory text appears in a framed text box.

COMMISSION DELEGATED REGULATION (EU) …/…

of XXX

Regulation (EU) XXXX/XXXX of the European Parliament and of the Council with regard to regulatory technical standards specifying technical elements necessary for institutions to calculate their own funds requirements on crypto-asset exposures and the total limit for those exposures

(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 ([18]) and amending Regulation (EU) No 648/2012, and in particular Article 501d(5), thereof,

Whereas:

(1) Since there exists no provision on the prudential treatment of crypto-assets, Regulation (EU) 2024/1623 of 31 May 2024 ([19]) amending Regulation (EU) No 575/2013 introduces a transitional treatment for the calculation of own funds requirements for crypto-asset exposures based on the crypto-assets classification specified in Regulation (EU) 2023/1114 in Article 501d(2) of Regulation (EU) No 575/2013. This Regulation specifies the technical elements necessary for institutions to calculate their own funds requirements during the transitional treatment on the basis of internationally agreed standards developed by the BCBS. It further operationalises the capital treatment of the exposures referred to in Article 501d(2), first subparagraph, points (b) and (c) and under Article 501d(2), second subparagraph of Regulation (EU) No 575/2013.

(2) For institutions to align their calculation and own funds requirement of crypto-assets exposures according to the relevant capital treatment for the related risks, institutions should assign crypto-assets exposures to the non-trading book or trading book based on the application of the boundary criteria for equivalent traditional assets.

(3) Institutions holding exposures in asset-referenced tokens whose issuers comply with Regulation (EU) 2023/1114 and that reference one or more traditional assets should analyse the structures of the issuance including the referenced traditional assets and identify all risks that could result in a loss. Institutions should identify all possible risks

[18] 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) N 648/2012 (OJL 176, 27.6.2013, p. 1, ELI: http://data.europa.eu/eli/reg/2013/575/oj).

[19] Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 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, 2024/1623, 19.6.2024, ELI: http://data.europa.eu/eli/reg/2024/1623/oj).

arising from their exposures in the crypto-assets and calculate the relevant own funds requirements for each type of risk as set out in Regulation (EU) No 575/2013 and in Article 1 of this Regulation.

(4) Crypto-assets referred to in Article 501d(2), first subparagraph, point (c) of Regulation (EU) No 575/2013 are not backed by traditional assets, often lack intrinsic value and their market value could be highly volatile. Due to the relatively limited circulation of most of these crypto assets, they could also suffer from liquidity shortage, making it difficult to buy or sell large quantities without affecting the market price. The technical elements specified in Article 2 of this Regulation provide the necessary criteria to assess which prudential treatment is justified for the calculation of the own funds requirements.

(5) Crypto-asset derivatives markets have experienced substantial growth and innovation in recent years. Derivative exposures in crypto-assets not only give rise to market risk, but also counterparty credit risk (CCR) and credit valuation adjustment risk (CVA) as a default or deterioration in the credit quality of the derivative counterparty arises. This has a negative effect on the value of the derivative. As such, it is important to capture in the calculation of own funds requirements, these risks that institutions assume via derivatives or through other instruments that reference crypto-assets. Furthermore, crypto-asset derivatives often offer the possibility to build up position with a very high leverage. The significant volatility of crypto-assets' prices makes it necessary to consider that under certain market conditions, losses could exceed the amount of own funds required for the specific position even when applying a 1 250% risk weight. Institutions should communicate to their competent authorities any material exposures that could result in losses exceeding the capital required by the 1 250% risk weight.

(6) Hedging reduces risk and limits potential losses on exposures that institutions hold, hence capital requirements for hedged exposures should generally be lower than for identical unhedged exposures and should be calculated on the netted exposure. However, due to specificities of crypto-assets trading, such as the price difference between different venues and higher price volatility than for traditional assets, it is important to consider the differences in risks when determining the level of hedging and netting institutions are allowed to recognise for the determination of the net exposure calculation for crypto-assets. As such, the risk of crypto-asset captured in Article 501d(2), first subparagraph, point (b) or for derivatives that reference them is lower than that of those captured in Article 501d(2), first subparagraph, point (c) of Regulation (EU) No 575/2013, hence the level of hedging and netting recognised for the latter should be smaller.

(7) The market liquidity characteristics and the market price setting of crypto-assets differ from traditional assets. In addition, the period of time over which crypto-assets could be liquidated and the depth of market liquidity during a period of downturn under distressed market conditions are uncertain. Since redeeming a crypto-asset might add counterparty risk that is not present when redeeming an exposure to traditional assets, crypto-assets captured in Article 501d(2), first subparagraph, points (b) and (c) of Regulation (EU) No 575/2013 should not be eligible for recognition of credit risk mitigation even if the referenced traditional assets comply with the relevant eligibility requirements for collateral recognition. Moreover, institutions that lend crypto-assets captured in Article 501d(2), first subparagraph, points (b) and (c) of Regulation (EU)

No 575/2013 as part of a securities financing transaction (SFT) should apply the prudential volatility adjustment set out in this Regulation when calculating the net exposure value under the Financial Collateral Comprehensive Method.

(8) To keep institutions adequately capitalised, even for severe losses, they should set a total exposure limit, especially for high-risk crypto-asset exposures as specified in Article 501d(3) of Regulation (EU) No 575/2013. Long and short positions should be aggregated when calculating the exposure limit.

(9) On 12 June 2025, the European Commission adopted a delegated act ([20]) delaying the date of application of the binding fundamental review of the trading book (FRTB) standards requirements for the calculation of own funds requirements for market risk. To ensure consistency between this Regulation and the Commission Delegated Regulation, institutions should apply for crypto-assets exposures, the unfloored market risk own funds requirements under the standardised approach of Regulation (EU) 575/2013 in its version in force on 8 July 2024. For the purposes of the output floor calculation, institutions should either use the alternative standardised approach or the standardised approach.

(10) This Regulation is based on the draft regulatory technical standards submitted to the Commission by the European Banking Authority.

(11) The European Banking Authority has conducted open public consultations on the draft regulatory 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 ([21]),

HAS ADOPTED THIS REGULATION:

Article 1

Calculation of own funds requirements for exposures referred to in Article 501d(2), first subparagraph, point (b) of Regulation (EU) No 575/2013

1. Institutions shall calculate the own funds requirements for credit risk by applying the requirements specified in Part Three, Title II, of Regulation (EU) No 575/2013 for traditional assets and using a 250% risk weight.

[20] Commission Delegated Regulation (EU) 2025/XXXX amending Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to the date of application of the own funds requirements for market risk (OJ L, 2024/2795, 31.10.2024, ELI: http://data.europa.eu/eli/reg_del/2024/2795/oj).

[21] 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, 15.12.2020, p. 12–47).

2. Institutions shall not recognise the crypto-assets as eligible forms of collateral as defined in Article 197 of Regulation (EU) No 575/2013 for the calculation of risk weighted exposure amounts.

3. Institutions shall calculate the own funds requirements for counterparty credit risk in accordance with the requirements specified in Part Three, Title II, of Regulation (EU) No 575/2013 as follows:

   (a) for securities financing transactions with a crypto-asset underlying, institutions shall apply the requirements set out in Articles 223 to 228 of Regulation (EU) No 575/2013 for traditional assets, without recognising the crypto-assets as eligible collateral for the calculation of the net exposure to the counterparty. Institutions that lend these crypto-assets shall apply a volatility adjustment of 30%.
   (b) for derivatives on crypto-assets, institutions shall apply the requirements set out in Articles 272 to 311 of Regulation (EU) No 575/2013 for derivatives on traditional assets.
   (c) for the purpose of the calculation in points (a) and (b), institutions shall use the requirements specified in Part Three, Title II, of Regulation (EU) No 575/2013, using the risk weight applicable to that counterparty in accordance with those requirements.

4. Institutions shall calculate the own funds requirements for market risk by applying the requirements set out in Part Three, Title IV, of Regulation (EU) No 575/2013 for traditional assets, with the following specifications:

   (a) where institutions calculate the own funds requirements for market risk on the basis of the approach set out in Part Three, Title IV, Chapters 2, 3 and 4 and Article 325(2) of Regulation (EU) No 575/2013, they shall apply the same requirements, as those applicable to the traditional assets referenced by the crypto-assets; the following additional specifications shall apply:
      (i) all instruments, including derivatives and off-balance sheet positions that are affected by changes in the prices of that crypto-asset shall be included in the calculation;
      (ii) each crypto-asset position shall be expressed in terms of the crypto-asset's quantity and converted at the current spot price into the institution's reporting currency;
      (iii) for options on a crypto-asset, the treatment for options on the traditional assets that the crypto-asset references shall apply;
      (iv) netting and hedging shall be recognised between the crypto-asset and the traditional assets it references.

   (b) where institutions calculate the own funds requirements for market risk on the basis of the alternative standardised approach set out in Part Three, Title IV, Chapter 1a of Regulation (EU) No 575/2013, the following additional specifications shall apply:

(i) for the purposes of the calculation of the own funds requirements for delta, vega and curvature risks, institutions shall assign the crypto-asset to the risk classes referred to in Article 325d(1) of Regulation (EU) 575/2013 as applicable to the traditional assets that the crypto-asset references, where:
    1. each crypto-asset shall comprise the same risk factors as the traditional assets it references; and
    2. the sensitivities of the crypto-asset to the risk factors referred to in point (1) shall be identical to the sensitivities of the traditional assets that the crypto-asset references to those risk factors;

(ii) for the purposes of calculating the own funds requirements for default risk, the gross jump-to-default amount of the crypto-asset shall be determined as the jump-to-default amount, as set out in Article 325v(1), point (c) of Regulation (EU) No 575/2013, of an equivalent position in the traditional assets that the crypto-asset references;

(c) where institutions calculate the own funds requirements for market risk on the basis of the alternative internal model approach set out in Part Three, Title IV, Chapter 1b of Regulation (EU) No 575/2013, the following additional specifications shall apply:

(i) for the purposes of calculating the own funds requirements in accordance with Article 325ba(1) of Regulation (EU) No 575/2013, institutions shall consider that the crypto-asset comprises the same risk factors as the traditional assets that it references;

(ii) for the purposes of calculating the own funds requirements in accordance with Article 325ba(2) of Regulation (EU) No 575/2013, the crypto-asset and the traditional assets it references shall be treated as different instruments to the same obligor, where:
    1. the internal default risk model shall account for the different losses in those different instruments in accordance with Article 325bo of Regulation (EU) 575/2013;
    2. differences in instruments shall be reflected in LGD estimates;
    3. maturity mismatches applicable to crypto-assets and traditional assets they reference shall be captured in accordance with Article 325bo of Regulation (EU) 575/2013;

(d) institutions shall not use the internal model approach set out in Part Three, Title IV, Chapter 5, of Regulation (EU) No 575/2013 for the calculation of the own funds requirements for market risk for crypto-assets.

5. Institutions shall calculate their own funds requirements for credit valuation adjustment risk for derivatives and securities financing transactions on crypto-assets by applying the requirements laid down in Articles 382 to 386 of Regulation (EU) No 575/2013 for the traditional assets that the crypto-asset references.

Article 2

Calculation of own funds requirements for exposures referred to in Article 501d (2), first subparagraph, point (c) of Regulation (EU) No 575/2013

1. Institutions shall calculate the own funds requirements for credit risk, counterparty credit risk, market risk and credit valuation adjustment risk of an exposure in a crypto-asset in accordance with paragraphs 2 to 5 of this Article, if the crypto-asset meets the following criteria:

   (a) that exposure is any of the following:
      (i) a direct holding of the crypto-asset where there exists a derivative or exchange-traded fund (ETF) or exchange-traded note (ETN) that solely references the crypto-asset and that is traded on a regulated exchange and, in the case of a derivative, is cleared through a qualifying central counterparty (QCCP);
      (ii) a derivative or an ETF or an ETN that references that crypto-asset, where the derivative or ETF or ETN has been explicitly approved by the competent authority for trading or the derivative is cleared by a QCCP;
      (iii) a derivative or an ETF or an ETN that references a derivative or an ETF or an ETN that meets the conditions laid down in point (ii); or
      (iv) a derivative or an ETF or an ETN that references a crypto-asset-related reference rate published by a regulated exchange that clears trades using this reference rate through a QCCP;

   (b) the crypto-asset underlying that exposure meets all the following conditions:
      (i) its average market capitalisation is higher or equal to EUR 10 billion over the previous year; and
      (ii) the 10% trimmed mean of daily trading volume with major currencies is higher or equal to EUR 50 million over the previous year;

   (c) available data on the crypto-asset underlying that exposure meets all the following conditions:
      (i) there are at least 100 price observations over the previous year that comply with the criteria for verifiable prices laid down in Article 2 of Commission Delegated Regulation 2022/2060[22];
      (ii) there are sufficient data on trading volumes and market capitalisation.

2. Institutions shall calculate the own funds requirements for credit risk in accordance with the requirements laid down in Part Three, Title II, Chapter 2, of Regulation

[22] Commission Delegated Regulation (EU) 2022/2060 of 14 June 2022 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards specifying the criteria for assessing the modellability of risk factors under the internal model approach (IMA) and specifying the frequency of that assessment under Article 325be(3) of that Regulation. (OJL 276, 26.10.2022, p. 60, ELI: http://data.europa.eu/eli/reg_del/2022/2060/oj).

(EU) No 575/2013, applying a 1 250% risk weight. Institutions shall apply paragraphs 3 and 4 of this Article to calculate their exposure to these crypto-assets.

3. Institutions shall calculate the exposure value for transactions that give rise to counterparty credit risk as follows:

   (a) for securities financing transactions with a crypto-asset as underlying, institutions shall apply the requirement set out in Articles 223 to 228 of Regulation (EU) No 575/2013 for traditional assets, without recognising the crypto-assets as eligible collateral. Institutions that lend these crypto-assets shall apply a volatility adjustment of 30%

   (b) for derivatives on crypto-assets, institutions shall apply the requirements set out in Articles 272 to 282 and 298 to 311 of Regulation (EU) No 575/2013, where the following additional specifications apply:

      (i) for the calculation of the potential future exposure (PFE) add-on, institutions shall create a new risk category 'crypto-assets' and:
         1. calculate the PFE add-on for this risk category using the same methodology as for the foreign exchange risk category applying a supervisory factor of 32% for all crypto-asset/currency and crypto-asset/crypto-asset pairs, and a supervisory volatility of 120% for the delta adjustment of options;
         2. separate hedging sets for each crypto-asset priced in a currency or in another crypto-asset that meets the requirements in paragraph 1; and
         3. set the calculation of the adjusted notional as the crypto-asset's notional expressed in the reporting currency of each institution. Where a crypto-asset is priced in another crypto-asset, the institution shall apply the larger of the two adjusted notionals. If pairs to the reporting currency are not liquidly traded, the most liquid currency shall be taken with FX spot rates against the reporting currency;

      (ii) Institutions shall not use the internal model method, the simplified standardised approach or the original exposure method for the calculation of their own funds requirements for counterparty credit risk for derivatives on crypto-assets;

   (c) where a netting set contains derivatives on traditional assets or crypto-assets referred to in Article 501d(2), first subparagraph, points (a) or (b) of Regulation (EU) No 575/2013, and derivatives underlying crypto-assets referred to in Article 501d(2), first subparagraph, point (c), of Regulation (EU) No 575/2013 institutions may assign the crypto-assets referred to in Article 501d(2), first subparagraph, point (c) of Regulation (EU) No 575/2013 in their own separate netting set and apply the risk weight referred to in paragraph 2 of this Article to this separate netting set.

4. Institutions shall calculate the exposure for market risk for crypto-assets by applying the rules set out for traditional assets in Part Three, Title IV of Regulation (EU) No 575/2013, with the following specifications:

(a) where institutions calculate the own funds requirements for market risk on the basis of the approach set out in Part Three, Title IV, Chapters 2, 3 and 4, and Article 325(2) of Regulation (EU) No 575/2013, they shall:

(i) determine the own funds requirements for the position risk of the crypto-assets separately from the own funds requirements for position risk of other instruments that are or reference traditional assets assigned to the trading book;

(ii) include in the scope of the calculation referred to in point (i) all instruments that are affected by changes in prices of crypto-assets, inclusive of derivatives and off-balance sheets positions;

(iii) first express each crypto-asset position in terms of its quantity, and then convert it at the current spot price into the institution's reporting currency;

(iv) identify their gross long and short positions in the crypto-asset separately for every market and exchange where they are traded. Institutions may offset gross long and gross short positions in a crypto-asset traded in the same market or exchange, where those positions arise from the products listed in paragraph 1, point (a), of this Article;

(v) determine a net position for each crypto-asset *k* based on the following formula:

$$\textit{Net position}_k = \max\left[\textit{long position}_k, \textit{abs(short position}_k)\right] - 0.65 * \min\left[\textit{Long position}_k, \textit{abs(short position}_k)\right]$$

where institutions may net positions arising from the products listed in paragraph 1, point (a), for a crypto-asset traded in different markets and exchanges. Crypto-asset positions arising from products other than those listed in paragraph 1, point (a), shall be subject to the capital requirements set out in paragraph 6 of this Article;

(vi) determine the own funds requirement for position risk of the crypto-asset *k* as 100% of its respective net position;

(vii) determine the aggregated own funds requirements for position risk of crypto-assets as the simple sum of the own funds requirements for the different crypto-assets;

(viii) determine the own funds requirements for the non-delta risk of options with a crypto-asset as their underlying on the basis of the scenario matrix approach in accordance with Articles 7 to 9 of Commission Delegated Regulation (EU) No 528/2014 ([23]), by using ±100% for the underlying price change and ±100% for the relative volatility change;

[23] Commission Delegated Regulation (EU) No 528/2014 of 12 March 2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for non-delta risk of options in the standardised market risk approach (OJ L 148, 20.5.2014, p. 29, ELI: http://data.europa.eu/eli/reg_del/2014/528/oj).

(ix) Apply, by derogation from Article 325(2) of Regulation (EU) No 575/2013, a scaling factor of 1 to the total own funds requirements for the position risk of crypto-assets, consisting of the sum of the aggregated own funds requirement for positions risk referred to in point (vii) and the own funds requirement for the non-delta risk of options referred to in point (viii).

(b) Where institutions calculate the own funds requirements for market risk on the basis of the approach set out in Part Three, Title IV, Chapter 1a, of Regulation (EU) No 575/2013, they shall determine the own funds requirements for delta, vega and curvature risks follows:

(i) Institutions shall create a separate risk class 'crypto assets' and shall assign all risk factors, including those related to derivatives and off-balance sheets positions that are affected by changes in the prices of those crypto-assets to this risk class;

(ii) Institutions shall first express each applicable crypto-asset position in terms of its quantity, and then convert it at the current spot price into the institution's reporting currency;

(iii) Institutions shall calculate long and short gross sensitivities of their positions in a crypto-asset separately for each different crypto-asset market and crypto-asset exchange where that crypto-asset is traded;

(iv) Institutions shall include only positions arising from the products listed in paragraph 1, point (a) of this Article in the scope of the calculation set out in this paragraph. Positions arising from products other than those listed in paragraph 1, point (a) of this Article, that reference crypto-assets shall be subject to the calculation of own funds requirements set out in paragraph 6 of this Article;

(v) Institutions shall determine the sensitivities to crypto-asset delta risk factors for instruments that are sensitive to crypto-assets separately for every crypto-asset based on a risk factor structure with the following two dimensions:

1. market or exchange; and
2. time to maturity, at the following tenors: 0 years, 0.25 years, 0.5 years, 1 year, 2 years, 3 years, 5 years, 10 years, 15 years, 20 years and 30 years;

(vi) Institutions shall determine the sensitivities to crypto-asset vega risk factors for options with underlyings that are sensitive to crypto-assets as the implied volatilities of the crypto-asset price, mapped to one or more of the following maturities of the option: 0.5 years, 1 year, 3 years, 5 years and 10 years;

(vii) Institutions shall calculate the delta risk sensitivity as follows:

$$S_k = \frac{[V_i(1.01 \cdot crypto(Ga)_k) - V_i(crypto(Ga)_k)]}{0.01}$$

where:

1. k is a given crypto-asset;
2. $crypto(Ga)_k$ is the market value of the crypto-asset k; and

3. V_i is the market value of instrument i as a function of the price of the crypto-asset k;

(viii) Institutions shall determine the option-level vega risk sensitivity to a given crypto-asset in accordance with Article 325s of Regulation (EU) No 575/2013;

(ix) Institutions shall assign the sensitivities to the applicable bucket of the risk class 'crypto-assets' which consist of n buckets and where each bucket corresponds to a specific crypto-asset;

(x) Institutions shall risk weight the sensitivities to crypto-assets by 100%;

(xi) Institutions shall apply the correlation parameter ρ_{kl} between two weighted sensitivities WS_k and WS_l within the same bucket b as ρ_{kl}=94%;

(xii) Institutions shall calculate the bucket-specific delta and vega sensitivities, K for bucket b as follows:

$$K_b = \sqrt{\max\left(0, \sum_k WS_k^2 + \sum_k \sum_{k \neq l} \rho_{kl} \cdot WS_k \cdot WS_l\right)}$$

(xiii) Institutions shall determine the risk-class specific own funds requirement for delta or vega risk, as applicable, as a simple sum of the bucket-specific delta or vega sensitivities $\sum_b K_b$;

(xiv) Institutions shall determine the own funds requirements for the curvature risk on the basis of the same buckets specified for the delta risk in item ix. For the calculation of the curvature sensitivities all tenors shall be shifted in parallel without the application of a term structure decomposition. Institutions shall calculate the net own funds requirements for curvature risk for the risk factor k for a crypto-asset, by applying a relative shift equal to the delta risk weight as the curvature risk weight;

(xv) Institutions shall apply the following formular for the aggregation of the curvature risk positions within a bucket b:

$$K_b = max(K_b^+, K_b^-), \text{ where}$$
$$K_b^+ = \sum_k max(CVR_k^+, 0)$$
$$K_b^- = \sum_k max(CVR_k^-, 0)$$

(xvi) Institutions shall determine the risk class-specific own funds requirements for curvature risk as the simple sum of the bucket-specific curvature risk $\sum_b K_b$;

(xvii) Institutions shall not calculate any own funds requirements for default risk;

(c) Institutions shall not use the alternative internal model approach set out in Part Three, Title IV, Chapter 1b of Regulation (EU) No 575/2013 to determine own funds requirements for the crypto assets.

5. Institutions shall calculate the own funds requirements for credit valuation adjustment risk for derivatives and securities financing transactions on crypto-assets in accordance with the requirements for derivatives and securities financing transactions on traditional assets laid down in Articles 382 to 386 of Regulation (EU) No 575/2013.

6. The own funds requirements for the crypto-assets that do not meet the criteria laid down in paragraph 1 of this Article shall be determined as follows:

   (a) Institutions shall include in the calculation all their trading book and non-trading book crypto-assets exposures;
   (b) Institutions shall determine a risk weighted exposure amount for each separate crypto-asset by applying the formula:

$$RWEA = RW \cdot max[abs(\sum long\ exposure), abs(\sum short\ exposure)]$$

   Where $\mathrm{RW} = 1\,250\%$;

   (c) where institutions apply Article 274(2) of Regulation (EU) No 575/2013 to calculate the exposure of a derivative on a crypto-asset for the purposes of point (b), they shall meet the following requirements:

      (i) netting for the calculation of the replacement cost in accordance with Article 275 of Regulation (EU) No 575/2013, is only permitted within eligible and enforceable netting sets between exposures of the same crypto-assets underlying derivatives;
      (ii) the PFE set out in Article 278 of Regulation (EU) No 575/2013 is calculated separately for each transaction as 50% of the gross notional amount. Crypto-assets shall not be part of any hedging set;
      (iii) netting sets containing derivatives referencing crypto-assets and other asset transactions are split, so that the resulting sets contain either only the derivatives referencing the crypto-assets or derivatives referencing the other asset transactions;

   (d) institutions shall reflect the leverage of crypto-assets underlying a derivative that is leveraged or otherwise enhanced by the structure of the transaction by adjusting upwards the exposure calculated according to point (c) and applied in the formula in point (b). The exposure calculated according to this point shall be capped at the maximum possible loss on the crypto-asset derivative contract.

7. Crypto-assets shall not be recognised as eligible forms of collateral as defined in Article 197 of Regulation (EU) No 575/2013 for the calculation of risk weighted exposure amounts.

Article 3

Total exposure limit for exposures referred to in Article 501d(3) of Regulation (EU) No 575/2013

Institutions shall calculate, the total exposure to crypto-assets referred to in Article 501d(2), first subparagraph, point (c), of Regulation (EU) No 575/2013, including those that meet the criteria laid down in Article 2(1) of this Regulation, as follows:

$$total\ exposure = \sum_{k} max\left[abs\left(\sum_{i \in k} long\ position_{i,k}\right), abs\left(\sum_{i \in k} short\ position_{i,k}\right)\right]$$

where k = each separate crypto-asset and i = each position value of transaction i within a crypto-asset k.

Where an institution is acting as a financial intermediary between a client and a QCCP, the cleared intermediary crypto-asset positions are excluded from the calculation of the total exposure limit.

Article 4

Entry into force

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

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

Done at Brussels,

For the Commission
The President

[For the Commission
On behalf of the President
[Position]

4. Accompanying documents

4.1 Draft cost-benefit analysis / impact assessment

28. According to Articles 10 of Regulation (EU) No 1093/2010 (EBA Regulation), the EBA shall analyse the potential costs and benefits of draft regulatory standards (RTS) developed by the EBA. These draft RTS and the ITS developed by the EBA shall therefore be accompanied by an Impact Assessment (IA) that analyses 'the potential related costs and benefits'.

29. This analysis presents the IA of the main policy options included in this Consultation Paper (CP) on these draft RTS on the calculation and aggregation of crypto exposure values under Article 501d(5) of the CRR.

30. Regulation (EU) 2024/1623 amending Regulation (EU) No 575/2013 (CRR 3) includes a transitional prudential treatment for crypto-assets exposure. According to Article 501d(1) of the CRR 3, by 30 June 2025, the Commission shall, where appropriate, submit a legislative proposal to the European Parliament and to the Council to introduce a dedicated prudential treatment for crypto-asset exposures, taking into account the international standards and MiCA. These draft RTS included in this consultation paper are intended to describe the treatment of crypto-assets exposures in this transition period until the date of application of the dedicated legislation.

A. Problem identification

31. During the transition period, when no treatment for crypto assets is defined, credit Institutions can have exposure to crypto-assets and may calculate the necessary own funds requirements in their own way for aspects not covered with CRR3 or MiCA. This can impose significant risks for the financial stability by not having a harmonised approach of quantifying the crypto-exposures risk and evaluation for the own reserves.

32. Therefore, these draft RTS sets out a treatment of crypto-assets exposures during the transition, until a dedicated legislation setting out the details on the treatment of crypto-assets exposures on a permanent basis has become applicable. These draft RTS are also important to ensure that the industry has clarity on how the crypto assets are treated.

B. Policy objectives

33. The general objective of these draft RTS is to specify the way, credit institutions calculate their exposures to crypto-assets. These draft RTS also aim to ensure consistency with the Basel standard on the prudential treatment of banks' exposures to crypto-assets and MiCA.

C. Baseline scenario

34. The baseline scenario is the situation where CRR3 and MiCA only provides a general calculation of some of crypto-exposures credit institutions may have in their banking or trading book.

35. In addition, since no previous regime exists in this area, harmonisation is required to avoid diverging approaches and different practices on the methodology used for the calculation of the crypto-exposures and especially in different aspects of credit, market risk.

D. Options considered

FAIR VALUE VS PRUDENT VALUATION

36. It is important to have accurate valuation of crypto-asset exposure to ensure the correct calculation of the own funds' requirements for exposures to crypto-assets.

37. The availability of reliable and continuous pricing data is not common to many crypto-assets due to limited volume and/or frequency of transactions, or the lack of transparency provided by exchanges or private venues where the crypto-assets are traded. Furthermore, crypto-assets are in general traded on unregulated marketplaces and prices may differ quite materially from one trading venue to another.

38. In this regard, two options were considered for their valuation.

Option 1. Do not use prudent valuation for crypto assets

39. Such an approach would be in line with the legal reading of the current legislation. Article 34 and Article 105 of the CRR imply that the prudent valuation requirements apply to all fair-valued positions regardless of whether they are held in the trading book or not, where the term 'positions' refers solely to financial instruments and commodities. Crypto-assets within the scope of MiCA are neither financial instruments nor commodities and therefore would be excluded from this treatment.

40. Moreover, at the moment no international accounting standards exists on crypto-assets to specify the correct valuation.

41. The drawback of this approach is that the valuation of crypto-assets will be less reliable and/or accurate.

Option 2 use Fair value in accordance with Article 105 of the CRR

42. Due to the high volatility and price uncertainty, as well as limited data, applying prudential valuation to crypto assets prices seems more appropriate. This option ensures that all relevant crypto-assets should be captured by Article 105 of Regulation (EU) No 575/2013, which

establishes the requirements for prudent valuation of fair valued positions in trading book, even though crypto assets are technically not in the scope of this article.

43. After the public consultation, where most respondents suggested removing the PruVal requirement from these draft RTS during the transitional period, the pros and cons were further assessed to decide whether these draft RTS on crypto asset exposures should retain the prudent valuation requirement or remove it as requested by many stakeholders. From one side it was noted that a regulatory gap does exist making it technically correct to apply prudent valuation to crypto-asset exposures under MiCAR, which will prevent regulatory arbitrage; furthermore, it was observed that if the rules under the transitional regime and the final one are as much as possible similar, this will reduce alignment costs for supervised entities. On the other side it was acknowledged that financial instruments referencing crypto-asset exposures are already subject to the PruVal rules as they are generally fair valued (e.g. in case of cleared derivatives or ETF/ETN). The RTS would only 'add' PruVal requirements only for "cash" positions or bespoke arrangements to provide exposures to crypto-assets, which are expected to be of limited materiality during the transitional period.

44. Based on the above considerations and received feedback, it was determined that there is no immediate need to introduce the PruVal through these draft RTS at this stage. Instead, it should be addressed through the dedicated RTS on PruVal, which is currently under review. In the interim, the EBA notes that if a credit institution holds a significant amount of fair valued crypto assets, the competent authority has the power to intervene to ensure that the valuation risk is adequately mitigated.

ALIGNMENT WITH BASEL VS ADJUSTED APPROACH BASEL CATEGORISATION VS MICAR VS MIXED APPROACH (MAPPING)

45. Due to differing categorization of crypto assets, a full alignment with then Basel standard is challenging. Using the Basel categorization only would make these draft RTS non-compliant with level 1 text. An alternative approach is to only further develop the treatment RWA treatment specified in level 1 using the categories of crypto assets defined by MiCA. Such an approach however would ensure deviation from Basel.

46. Given that in the long-term it is expected that the legislation aims to comply with Basel rules, a third approach combines the two categorizations, by mapping the CRR categories to the Basel ones, and combining the categorization from level 1 with the prudential treatment specified in the Basel standard makes sense. Such an approach is more complex but ensures more alignment with the Basel standard.

E. Cost-Benefit Analysis

47. Overall, the costs of the implementation of these draft RTS are assessed as medium, as some banks will need to set up a new way of calculating the own funds requirement, given the lack of regime in this area until now. However, this approach is expected to continue also in the

future, so the costs can be considered inevitable, and in fact may simply anticipate costs that would have come with the COM legislative proposal. The benefits on the other hand are significant as, first they provide clarity to the institutions on the treatment of crypto assets, and, second, reduces the risk for financial stability by not having a harmonised approach of quantifying the crypto-exposures risk and evaluation for the own funds reserves

4.2 Views of the Banking Stakeholders Group

The Banking Stakeholder Group (BSG) welcomes the draft Regulatory Technical Standards (RTS) under Article 501d(5) CRR as a constructive step toward enhancing clarity on the prudential treatment of crypto-asset exposures. While these draft RTS provide useful guidance on exposure calculation and aggregation, the BSG emphasises that they represent only a transitional phase ahead of a broader legislative framework, expected to fully implement Basel standards, including liquidity and leverage requirements.

Given the potential delay in the Commission's timeline, it is crucial that these interim rules remain consistent and forward-compatible with the forthcoming complete framework. Market participants will invest significant resources to implement the draft RTS, and misalignment with final rules could create inefficiencies and additional costs. A holistic review will be necessary once the full regime is in place to ensure coherence and proportionality.

The BSG also stresses the need for international consistency to ensure a level playing field, particularly considering developments in the UK and US. Divergence from Basel standards, such as the restriction to the Simplified Standardised Approach for Group 2a assets, should be carefully assessed, as overly conservative approaches may constrain innovation, while underestimating risks could undermine financial stability. A balanced, risk-based approach is needed.

The BSG highlights the importance of technology neutrality and proportionality. Rules should accommodate differing business models, especially investment firms, and not impose disproportionate burdens on specific technological architectures. Several members caution that the draft RTS should not disadvantage institutions using permissionless blockchain infrastructures, which are foundational to many crypto-asset models. Excessive conservatism, such as overlapping capital requirements and valuation adjustments (e.g. 1 250% RW plus prudent valuation), could result in capital charges that exceed the actual value of the assets, discouraging market participation by EU institutions. As some crypto-assets may already be covered under existing valuation frameworks, the BSG recommends further work to ensure clarity and consistency in the interaction between accounting treatment and prudential rules.

On market risk and counterparty credit risk (CCR), the BSG supports a risk-sensitive and consistent approach. Most BSG members favour using the counterparty's risk weight (Alternative B) for CCR exposures, as applying a one-size-fits-all 250% RW would be inconsistent with standard frameworks and unduly punitive. Similarly, while some members welcome the possibility of using internal models (A-IMA) for certain well-established crypto-assets, others are more cautious, citing limited liquidity and pricing reliability across much of the crypto-asset market.

Regarding default risk of ART issuers, there are diverging views: most members argue the 250% RW already sufficiently captures these risks, particularly considering MiCA's governance and capital requirements; others stress the continued uncertainty around ART resilience and support a Basel-aligned treatment.

The BSG broadly supports the differentiation between liquid and illiquid crypto-assets but notes that reliable market data may be limited in some cases, and further clarity would be helpful, particularly around concepts like offsetting exposures on the 'same market or exchange'. The aggregation methodology for the exposure limit of 1% of the institution's Tier 1 capital should also be clarified, with support for partial netting of long and short positions.

Finally, the BSG urges the EBA to stay within the scope of its Level 1 mandate. Where the RTS address gaps, such as prudent valuation, they should not pre-empt the ongoing review of RTS on valuation under Article 105 CRR. Substantive changes should go through the appropriate legislative processes.

To conclude, the BSG encourages a pragmatic, proportionate, and internationally consistent approach that supports EU competitiveness, ensures effective risk management, and avoids unintended disincentives for regulated financial institutions to engage with crypto-assets.

4.3 Feedback on the public consultation

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

The consultation period lasted for 3 months and ended on 8 April 2025. Eighteen responses were received, of which 15 were public and published on the EBA website.

This summary below, provides the key points and some 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 stakeholders made similar comments, or the same respondent 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 RTS have been incorporated because of the responses received during the public consultation.

Summary of key issues and the EBA's response

The EBA received feedback on this consultation paper that can be divided into three areas: (i) general comments, suggestions, or questions, some outside the scope of the mandate, (ii) responses to the questions in the CP and (iii) technical comments on the draft RTS.

GENERAL COMMENTS

Many stakeholders supported the draft RTS content and valued its clarity for institutions being able to comply with Article 501d of the CRR during the transitional period.

Many stakeholders asked the Commission to extend the transitional regime covering prudential treatment of crypto asset exposures until at least January 2027 (i.e. until there is more clarity on whether and to which extent other major jurisdictions will implement the reforms, e.g. US, UK, Singapore) before implementing the complete framework[24] on crypto-asset exposures in the CRR. Stakeholders stress the need for international consistency to ensure a level playing field. Any divergence from Basel standards should be carefully assessed, as overly conservative approaches[25] may constrain innovation, while underestimating risks could undermine financial stability. A balanced, risk-based approach is needed.

Some stakeholders also requested that the final rules are aligned with the transitional rules as much as possible. Market participants will allocate time and resources to comprehend and implement these interim rules, including adapting their infrastructure. In addition, ensuring stability in the prudential treatment of crypto-assets is necessary for ensuring the orderly development and understanding of this asset class in Europe, also preserving the competitiveness of EU institutions. Furthermore, to the extent possible, stakeholders recommended aligning the methodologies in this draft RTS with the general CRR principles and keeping the draft RTS as simple as possible without adding unnecessary layers of complexity.

Stakeholders highlight the importance of technology neutrality and proportionality. Rules should accommodate differing business models, especially investment firms, and not impose disproportionate burdens on specific technological architectures. Several respondents caution that the RTS should not disadvantage institutions using permissionless blockchain infrastructures, which are foundational to many crypto-asset models.

Some stakeholders also raise the question if the EBA plans to align the IFR capital requirements calculations with the CRR rules or amend the IFR to consider crypto assets more thoroughly. Several stakeholders requested clarification on the eligibility of Electronic Money Tokens (EMT) as eligible form of collateral under the credit risk mitigations rules under the CRR. There was also a request to clarify that tokenised physical gold falls under Article 501d(2)(a) of the CRR 3, that stipulates that exposures to tokenised traditional assets should be treated the same as exposures to traditional assets under CRR and requested the EBA to explicitly confirm that gold is classified as a traditional asset under CRR.

RESPONSES TO THE QUESTIONS IN THE CP

Stakeholders generally support including crypto-assets in prudent valuation (PruVal) rules in principle, stressing the need for clarity, proportionality, and regulatory consistency. They agree that

[24] This includes other aspects such as liquidity requirements, leverage rules and infrastructure add-on introduced in the BCBS standards.

[25] Concerns include: the 250% risk weight for Group 1b asset referenced tokens (ARTs), 1% exposure limit, exposure to digital liabilities, rules on permissionless blockchain and treatment of Group 2a crypto-assets.

reflecting the valuation uncertainty of certain crypto-assets, especially in volatile markets, is appropriate. Including crypto-assets in PruVal ensures that both crypto-assets and related financial instruments are considered, preventing unbalanced exposures and increased additional valuation adjustments. Stakeholders suggest that analyzing the interaction between crypto-assets and prudent valuation rules would be more fitting during the revision of the RTS on prudent valuation itself. They recommend possibly implementing the PruVal rules for crypto-assets at a later stage when the complete framework on crypto-asset exposures is implemented in the CRR. Consequently, stakeholders propose removing Article 1 from the draft RTS during the transitional period.

The CP proposed two options for crypto-assets with counterparty credit risk. Either assign them the same risk weight as direct credit risk exposures (Alternative A) for a conservative approach or apply the usual counterparty risk weight (Alternative B) for consistency with the existing framework and easier implementation. The vast majority of respondents opted for Alternative B and noted that this alternative aligns with the existing CCR framework, enhances proportionality, and promotes systemic stability by reflecting the economic substance of exposures. They also noted that Alternative B is simpler for institutions to implement.

Most stakeholders suggested that the issuer's default risk should be excluded from this RTS draft. They argue that the 250% risk weight is sufficiently conservative, surpassing the BCBS standard and encompassing all relevant risks, including default. Additionally, it is noted that MICAR imposes requirements for own funds and governance that further mitigates this risk.

Stakeholders welcomed the differentiation that is made to attempt to separate 2a crypto assets from other crypto assets. The referenced prudential distinction between liquid and illiquid crypto assets is essential. Also, most stakeholders consider that adequate market data is available for an assessment of liquid crypto assets.

To ensure consistency between the draft RTS and the Commission delegated act until the date of application of the Basel III fundamental review of the trading book (FRTB) standards in the EU, the draft RTS proposed that the unfloored market risk own funds requirements for crypto-assets exposures should only be calculated by institutions using the standardised approach applicable in the CRR in its version in force on 8 July 2024. Most respondents acknowledged that internal models are not viable in the short term, citing critical limitations such as the lack of historical data, immature pricing infrastructure, and unvalidated risk factors for crypto-assets. Also trading activity is expected to be limited during the transitional period in the short to medium term due to regulatory constraints and uncertainties on the final transposition of the Basel standards. Nevertheless, several stakeholders emphasised that completely prohibiting internal models until the date of application of the Basel III fundamental review of the trading book standards in the EU would be counterproductive in the medium to long term, particularly for advanced banks or those with meaningful exposure to crypto assets. These institutions view internal models as essential tools for precise capital optimization, market competitiveness, and alignment with non-EU jurisdictions that adopt more flexible approaches.

TECHNICAL COMMENTS

Stakeholders requested changes to Article 3 in the draft RTS, including removing the maturity dimension, adjusting correlation parameters, and using the usual CCR approach for the RW of the counterparty instead of 1 250%. They argue these rules, due to the punitive capital treatment, would prevent banks from making markets in securities or derivatives in this asset class, allowing only non-banks to participate.

In relation to Article 3.4 of the draft RTS, stakeholders requested further clarification what same 'market or exchange' refers to when the trades involve indirect exposure to the crypto asset through ETF/ETN or derivatives and request that this ambiguity should be clarified such that 'market or exchange' refers to the primary risk factor of the ETF/ETN or derivative.

Stakeholders requested that the draft RTS specify how repo rate risk factors on crypto assets should be treated under the SA Market calculation and clarify that a single netting set can be used for mixed pools when computing exposure value for IMM banks.

Stakeholders note the EBA's CRR3 mandate includes aggregating long and short positions for calculating exposure limits, but the draft RTS lacks detailed rules. They request specifying that aggregate exposure subject to the 1% limit should follow the Market Risk methodology, permitting partial netting. One stakeholder asks to clarify that only positions with direct crypto asset price risk should be included in the total exposure limit, excluding intermediary exposures like CCPs.

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

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
General comments			
Level playing field and transitional period	Many respondents asked the Commission to extend the transitional regime covering prudential treatment of crypto asset exposures until at least January 2027 (i.e. until there is more clarity on whether and to which extent other major jurisdictions will implement the reforms, e.g., US, UK) before implementing the complete framework on crypto-asset exposures in the CRR. Some respondents also suggested that the EBA delays submission of the draft RTS until it is clear that other jurisdictions implement the BCBS standard. Some respondents raised the question of whether the EBA plans to align the Investment Firm Regulation (IFR) capital requirements calculations with the CRR rules or amend the IFR to consider crypto assets more thoroughly.	As highlighted in the background section, the transitional rules specified in Article 501(d) of the CRR 3 already apply to credit institutions and will be in force until a final framework comes into force. Also, sufficient time should be given to credit institutions to implement the final framework before it comes into force. The draft RTS once in force will complement the current transitional rules in Article 501(d) of CRR 3 and will only be applicable during the transitional period. Many respondents supported the draft RTS content and valued its clarity for institutions being able to comply with Article 501d of the CRR 3 during the transitional period. Postponing the submission of the draft RTS to the Commission would be detrimental to this objective and could in the EBA's views hamper the market development in this area. The EBA received a call for advice from the Commission for technical advice on the prudential requirements applicable to investment firms under the IFR/D including on services and investment in	No change

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
		crypto-assets. In June 2024, the EBA together with ESMA published a discussion paper on this. The EBA and ESMA are currently finalising its technical advice to the Commission. A final report with recommendations on the prudential treatment of crypto-assets will be published shortly on the EBA's website.	
Permissionless blockchain	Many respondents highlight the importance of technology neutrality and proportionality. Rules should accommodate differing business models, especially investment firms, and not impose disproportionate burdens on specific technological architectures. Several respondents caution that the draft RTS should not disadvantage institutions using permissionless blockchain infrastructures, which are foundational to many crypto-asset models. Many respondents argue that the EU legislation should evolve from the BCBS provision that considers tokens on permissionless blockchains riskier per definition that similar tokens on permission based blockchains.	MiCA is technology neutral (permissioned/permissionless) as to blockchain technology. The crypto-asset exposures classification specified in Article 501d of CRR 3 is based on MiCA and does not differentiate the tokens riskiness based on the underlying type of technology or governance model of any distributed ledger. Also, the draft RTS does not incorporate any criteria around blockchain technology to determine the classification of the tokens and the capital treatment. The EBA note here that the Basel classification conditions for crypto-asset exposures might result in a different classification for some of these exposures compared to the transitional CRR 3 regime which incorporates elements of MiCA and the BCBS regime.	No change
Eligibility of Electronic Money Tokens as collateral and	Several respondents requested clarification on the eligibility of Electronic Money Tokens (EMT) as an	EMTs are not included in the scope of the mandate for this draft RTS. Since EMTs were recently added to the CRR 3 via a transitional provision, determining	No change

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
regulatory classification tokenised physical gold	eligible form of collateral under the credit risk mitigations rules under the CRR. There was also a request to clarify that tokenised physical gold falls under Article 501d(2)(a) of CRR 3, that stipulates that exposures to tokenised traditional assets should be treated the same as exposures to traditional assets under CRR and requested the EBA to explicitly confirm that gold is classified as a traditional asset under CRR.	their eligibility as collateral for credit risk mitigation requires interpreting level 1 regulation. The EBA advises respondents to submit a Q&A for further clarification, if necessary. Gold is generally considered to be a (precious) metal and thus treated as commodity under the CRR market risk requirements. Although not included in the (non-exhaustive) list of traditional assets set out in Article 5a(4), it's EBA views that gold should be seen as a traditional asset in the CRR. An ART that references gold, however, may not be considered under Art 501d(2)(a) CRR. The EBA advises respondents to submit a Q&A for further clarification, if necessary.	
Calculation of total exposure limit	Some respondents note EBA's mandate includes aggregating long and short positions for calculating exposure limits, but the draft RTS lacks detailed rules. Those respondents request specifying that aggregate exposure subject to the 1% limit should follow the Market Risk methodology, permitting partial netting of long and short positions. Other stakeholders argued that the 1% limit was too low and not in line with the 2% limit in the BCBS standard. One respondent asks to clarify that only positions with direct crypto asset price risk should be	The EBA agrees that the draft RTS should include and clarify the calculation of the 1% exposure limit for crypto asset exposures specified in Article 501d(3) in the CRR for the transitional period. The 1% exposure limit in the CRR is only applicable to crypto-asset exposures falling under Article 501(d)(2) point c ('other crypto-assets'). This category is consisted with the 2a and 2b categories in the BCBS standard. SCO.60.119 in the BCBS standard sets that 'exposures to all Group 2 crypto-assets (Group 2a and Group 2b) must be measured using the higher of the absolute value of the long and short exposures in each separate crypto-asset to which the bank is exposed. Derivative exposures must be measured using a delta-equivalent methodology'. Therefore,	Calculation of exposure limit is included in Article 3 in the draft RTS.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	included in the total exposure limit, excluding intermediary exposures like CCPs.	the request for a partial netting has not been incorporated in the draft RTS. Cleared positions, where the credit institution is acting as a financial intermediary between a client and a QCCP, that intermediary between a client and a QCCP are excluded from the calculation of the total exposure limit.	
Clarifications request	In relation to Article 3.4 of the CP, some respondents requested further clarification what same 'market or exchange' refers to when the trades involve indirect exposure to the crypto asset through ETF/ETN or derivatives and request that this ambiguity should be clarified such that 'market or exchange' refers to the primary risk factor of the ETF/ETN or derivative.	The Basel text is extensively used throughout these draft RTS, including for the term 'same market or exchange'. Considering that these draft RTS is only transitional in nature no further clarification can be given at this stage. The EBA will bring this point to the attention of the Basel Committee.	No change
Changes and additions requests	Some respondents requested changes to Article 2 (CP version) in the draft RTS, including removing the maturity dimension and/or adjusting correlation parameters in the context of the calculation of the own funds requirement based on the market risk framework. The respondents argue these rules, due to the punitive capital treatment, would prevent banks from making markets in securities or derivatives in this asset class, allowing only non-banks to participate.	In relation to Article 2 it is worth mentioning that the IMM cannot be used for crypto-assets subject to this treatment as described in Article 2(3) (b) (ii), hence also netting of mixed pools is not possible. Article 2 implements the standards as developed by the BCBS, As such, it uses the parameters globally agreed in Basel. Given that the primary purpose of these draft RTS is to set out a treatment applicable, for now, only during a transitional period, and in absence of time and adequate data to verify the calibration, deviations from the internationally agreed standards (such as the removal or addition of risk factors, or	No change

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	Some respondents requested that the draft RTS specify how repo rate risk factors on crypto assets should be treated under the SA Market calculation. As regards the calculation of own funds requirements for counterparty credit risk, the respondents seek clarification that a single netting set can be used for mixed pools when computing exposure value for IMM banks.	recalibrations) are only introduced were that was necessary to make these draft RTS compatible with the Level 1 standards framing the treatment of crypto assets in the EU.	
Responses to questions in Consultation Paper EBA/CP/2025/01			
Question 1. Do you agree that fair-valued crypto-assets within the scope of MiCA should be included within the scope of the prudent valuation rules? If not, please explain.	Most respondents generally support including crypto-assets in prudent valuation (PruVal) rules in principle, stressing the need for clarity, proportionality, and regulatory consistency. They agree that reflecting the valuation uncertainty of certain crypto-assets, especially in volatile markets, is appropriate. Including crypto-assets in PruVal ensures that both crypto-assets and related financial instruments are considered, preventing unbalanced exposures and increased Additional Valuation Adjustments. Many respondents noted that changing the PruVal scope in this RTS on crypto-assets would complicate the regulation by defining the scope in two different RTS, and express their preference for reflecting the inclusion of crypto-assets in PruVal through an amendment to the RTS on prudent valuation. Respondents suggest that analysing the interaction between crypto-assets and prudent valuation rules	The EBA sees strong merits including crypto-asset exposures in the scope of the PruVal framework, and that such a requirement should be anchored in the CRR. The EBA acknowledges that there is currently a gap in the rules. However, closing this gap through these proposed draft RTS would introduce additional complexity and challenges for credit institutions during the transitional period, which is considered disproportionate at this stage. Also considering the limited materiality of crypto-asset exposures in credit institutions balances sheets. The Prudent Valuation requirements for crypto-asset exposures have been removed from the draft RTS. The EBA recommends that the Commission address the gap by incorporating the requirement for	The article on prudent valuation requirements for crypto-asset exposures has been removed from the draft RTS.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	would be more fitting during the revision of the RTS on prudent valuation itself. They recommend possibly implementing the PruVal rules for crypto-assets at a later stage when the complete framework on crypto-asset exposures is implemented in the CRR. Consequently, many stakeholders propose removing Article 1 from the draft RTS during the transitional period. A few respondents opposed the introduction of PruVal altogether, arguing that the conservative capital requirements adequately capture the risks without necessitating the added burden of prudent valuation. Many respondents raise concerns about potential double counting, warning that prudent valuation adjustments are layered on top of already high capital requirements (e.g. 250% or 1250% risk weights) and exposure limits (e.g., 1% of Tier 1 capital). This 'double penalization' can lead to CET1 deductions exceeding the asset's value, and therefore to an overly conservative capital treatment during the transitional period. There was also a strong call for cross-regulatory and international alignment, both with MiCA's transparency and valuation provisions and with the global Basel framework, to maintain competitiveness and avoid fragmentation. Some respondents request clearer IFRS guidance, suggesting crypto-assets should not be treated as	prudential valuation for MiCA complaint crypto-assets into the CRR when proposing a complete framework on crypto-asset exposures, or by mandating the EBA to revise the RTS on Prudent Valuation to include crypto-asset exposures.	

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	intangible assets but aligned with prudential treatment under the RTS.		
Question 2. Do you have any concern in relation to the application of the requirements specified in Article 105 of the CRR and Delegated Regulation (EU) 2016/101 (RTS on prudent valuation) to crypto-assets? If so, please explain.	Many respondents express concern that the current PruVal framework is not well-suited to crypto assets. Operational challenges were highlighted, including data reliability, market fragmentation, and difficulties applying fair value methodologies in less mature markets. The unique characteristics of crypto-assets, such as inconsistent pricing mechanisms and occasional low market liquidity, complicate the application and compliance with the prudent valuation rules specified in the RTS on PruVal. Additionally, documenting the valuation process in writing is difficult—whether using market prices or model-based approaches. Some respondents suggest that highly liquid crypto-assets, like Bitcoin and listed futures, exhibit sufficient market depth and narrow bid-ask spreads, and should not be universally treated as having high valuation uncertainty. They call for more nuanced language in the RTS to better reflect market realities. Some respondents argue that applying prudent valuation rules does not align with the RTS's scope and mandate. Article 1 of the Consultation Paper includes all crypto-assets within Regulation (EU) 2023/114, including tokenised traditional assets like e-money tokens, which are outside the RTS scope.	It is expected that a significant part of crypto-assets regulated by MiCA will be valued at fair value under the applicable accounting framework. Credit institutions may underestimate exposure value due to limited data, market fragmentation, and challenges with fair value methods in the crypto markets also considering that crypto-assets in terms of number are traded over the counter (OTC). It is important that the all relevant crypto-assets are captured by Article 105 of Regulation (EU) No 575/2013 which establishes the requirements for prudent valuation of fair valued positions and that that any reference to valuation positions or to financial instruments and commodities in these draft RTS on Prudent Valuation shall include crypto-assets in the future. Therefore, EBA recommends that specific prudent valuation requirements for crypto-assets are introduced, at the latest, when the complete framework on crypto-asset exposures is implemented in the CRR. Also, See analysis and response to Q1.	See Q1

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
Question 3. Do you agree that a one-size fits all RW of 250% should apply also to CCR transactions requiring specifications on netting set treatment (Alternative A) or do you prefer using the counterparty's RW as is standard in CCR (Alternative B)? Please briefly justify your assessment.	All respondents supported Alternative B over the flat risk weight approach in Alternative A, emphasizing that counterparty credit risk should reflect the creditworthiness of the counterparty rather than the volatility of the underlying crypto assets. All respondents noted that Alternative B aligns with the existing CCR framework, enhances proportionality, and promotes systemic stability by reflecting the economic substance of exposures. Alternative B is also simpler for institutions to implement. A uniform counterparty risk weight based on underlying assets is inconsistent with the CCR framework. Flat 250% or 1 250% risk weights are overly conservative and inconsistent with Basel standards. Several respondents also mentioned that Alternative A ignores risk mitigation mechanisms like netting and collateral frameworks, penalising exposures to regulated and highly rated institutions, and potentially undermining prudent risk management incentives.	The CP proposed two options for crypto-assets with counterparty credit risk. Either assign them the same risk weight as direct credit risk exposures (Alternative A) for a conservative approach or apply the usual counterparty risk weight (Alternative B) for consistency with the existing framework and easier implementation. The EBA agrees that Alternative B reflects better the economic substance of the exposures, is consistent with the existing CCR framework and from a risk management and implementation perspective is superior to Alternative A.	Alternative B is kept in the draft RTS.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
Question 4. Are there any credit institutions considering implementing the alternative internal model approach during the transitional period, or consider implementing it in the medium to long term? Would there be an impact for the development of the crypto-assets market in the EU, and/or for the capitalisation and/or business activities of European credit institutions, if the use of the alternative internal models approach in the short to medium term is not permitted?	Most respondents acknowledged that (FRTB) internal models would not be used in the short term due to regulatory constraints and uncertainties on the final transposition of the Basel standards and currently limited trading activity. However, several stakeholders emphasise that completely prohibiting the use of internal models would be counterproductive in the medium to long term, particularly for advanced banks or those with meaningful exposure to crypto assets. These institutions view internal models as essential tools for precise capital optimization, market competitiveness, and alignment with non-EU jurisdictions that adopt more flexible approaches. Some respondents highlighted that the treatment of crypto assets exposures (Article 510d (2) point (c) is not falling within the scope (Article 461a) of the Delegated Act that postpones the FRTB application. Since the CRR 3 transitional treatment for crypto assets does not introduce such constraint, some stakeholder request to re-assess this limitation in current context of possible further postponement of FRTB. Some stakeholders suggested that the use of the standardised sensitivity-based approach (A-SA) for crypto-assets could serve as an interim solution, as it relies on similar pricing inputs.	Given that respondents do not appear to see a strong need for permitting the inclusion of crypto-assets in the scope of the current (CRR2) internal models in the short term, these draft RTS has been kept unchanged as regards the prohibition to apply the current internal models-based approach. For the medium to long term, i.e. when the FRTB framework is applied in the EU for the purposes of calculating unfloored own funds requirements – these draft RTS contains the basic specifications for the treatment of crypto assets under the future FRTB internal models, as consulted. To ensure consistency between the calculation of own funds requirements for traditional assets and the calculation for crypto assets, unfloored market risk own funds requirements for crypto-assets exposures can and should only be calculated on the basis of the standardised approach applicable in the CRR in its version in force on 8 July 2024, until the FRTB framework is fully rolled out in the EU. For the calculation of the floored RWEA, institutions should apply the standardised approach or the FRTB SA, as they do for traditional assets.	No Change
Question 5. Do you agree that the risk of default of the issuer	Many respondents highlighted that issuer default risk is indeed relevant in certain specific scenarios,	Introducing a possible additional capital charge for issuer default risk during the transitional period	Additional capital charge of 250% for

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
is relevant in certain specific circumstances and therefore should be considered within the scope of this draft RTS during the transitional period or do you believe that the 250% RW for direct credit risk is sufficient to capture for this risk during the transitions period? Please briefly justify your assessment.	particularly when ARTs are backed by centralised issuers, have no ring-fenced reserves, or involve governance and redemption risks. However, most respondents suggested that the issuer's default risk should be excluded from this RTS draft. They maintain that the 250% risk weight for direct credit risk is sufficiently conservative, surpassing the BCBS standard and encompassing all relevant risks, including default. Additionally, MiCA imposes requirements for own funds and governance that further mitigate this risk.	would add complexity and is disproportional from an implementation perspective during the transitional period.	issuer default risk has been removed from this draft RTS.
Question 6. How relevant is it to incorporate this differentiation for crypto-assets exposures referred to in Article 501d (2), point (c), of the CRR at this stage? Are institutions confident that they can assess their crypto-assets exposures against the criteria set out in these draft RTS? Is there sufficient market data available to make those assessments?	All respondents welcomed the differentiation that is made to attempt to separate 2a crypto assets from other crypto assets. The referenced prudential distinction between liquid and illiquid crypto assets is essential. Also, most stakeholders consider that adequate market data is available for an assessment of liquid crypto assets.	The EBA thanks respondents for the feedback.	No change.
Question 7. For ARTs subject to the calculation of own fund requirements for market risk in this paragraph, do you agree	Most respondents suggested that the issuer's default risk should be excluded from this RTS draft.	Introducing a possible additional capital charge for issuer default risk during the transitional period would add complexity and is disproportional from an	Additional capital charge of 250% for issuer default risk

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
that the risk of default of the issuer is relevant in certain specific circumstances and therefore should be considered within the scope of these draft RTS during the transitional period as per Article 3(4)(d) or do you believe that the 250% RW for direct credit risk is sufficient to capture for this risk during the transitions period? Please briefly justify your assessment.	They maintain that the 250% risk weight for direct credit risk is sufficiently conservative, surpassing the BCBS standard and encompassing all relevant risks, including default. Additionally, MiCA imposes requirements for own funds and governance that further mitigate this risk. Many respondents call for a more granular, differentiated approach aligned with the Basel 'look-through' framework that takes into account MiCA specificities.	implementation perspective during the transitional period.	has been removed from this draft RTS.