

Question ID

2025_7576

Legal act

Regulation (EU) No 575/2013 (CRR)

Topic

Market risk

Article

207

Paragraph

(2)

COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations

Not applicable

Article/Paragraph

.

Name of institution / submitter

European Central Bank

Country of incorporation / residence

Germany

Type of submitter

Competent authority

Subject matter

Application of Article 207(2) of the CRR to financial collateral under the counterparty credit risk framework

Question

For recognising received financial collateral when calculating the exposure value under the counterparty credit risk (CCR) framework, does Article 207(2) CRR – which requires that the credit

quality of the obligor and the value of the collateral shall not have a material positive correlation – apply?

Background on the question

For positions under both SA-CCR and IMM, recognition of collateral is limited to what is eligible as financial collateral under the CRR credit risk mitigation framework [SA-CCR: Article 276(1)(a) and (b) CRR; IMM: Article 284(2) CRR]. In case volatility adjustments to the collateral value are used, these must be selected in accordance with approaches under the *Financial Collateral Comprehensive Method* set out in the CRR credit risk mitigation framework [SA-CRR: Article 276(1)(d); IMM: Article 285(7) CRR].

Submission date

04/09/2025

Final publishing date

29/05/2026

Final answer

For exposures under the standardised approach for counterparty credit risk (SA-CCR), Article 276(1) (a) and (b) of Regulation (EU) No 575/2013 (CRR) specifies that only collateral that is eligible under Articles 197 and 299 shall be recognised in the calculation of the own funds requirements for counterparty credit risk associated to those exposures. For exposures under the internal model method (IMM) for counterparty credit risk, Article 284(2) of the CRR specifies that an institution may include in its forecasting distributions for changes in the market value of the netting set only eligible financial collateral as referred to in Articles 197 and 198 and points (c) and (d) of Article 299(2) of the CRR.

Article 207(1) of the CRR specifies that under all approaches and methods, financial collateral and gold shall qualify as eligible collateral where all the requirements laid down in paragraphs 2 to 4 are met. Accordingly, financial collateral as referred to in Article 197, 198 and 299 of the CRR should satisfy the requirements in Article 207 of the CRR.

This implies that Article 207(2) of the CRR should apply to financial collateral employed under the counterparty credit risk framework.

Status

Final Q&A

Answer prepared by

Answer prepared by the EBA.
