



Single Rulebook Q&A

Question ID	2019_4924
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - COREP (incl. IP Losses)
Article	99
Paragraph	-
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Regulation (EU) No 680/2014 - ITS on supervisory reporting of institutions (as amended)
Article/Paragraph	Annex I, C 32.02, C 32.03 and C32.04
Date of submission	19/09/2019
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Disclose name of institution / entity	Yes
Name of institution / submitter	Association of German Banks
Country of incorporation / residence	Germany
Type of submitter	Industry association
Subject matter	C 32.02 - Prudent Valuation: Core approach (PRUVAL 2); column 0160 (IPV Difference) and C 32.03 - Prudent Valuation: Model Risk AVA (PRUVAL 3); column 0110 (IPV Difference Output Testing)) and C 32.04 - Prudent Valuation: Concentrated Positions AVA (PRUVAL 4); column 0100 (IPV Difference)

Question	<p>What sign convention is expected for “IPV Difference” amounts in templates C32.02 (column 0160), C32.03 (column 0110) and C32.04 (column 0100)? Should validation rule v6341_m ($\{r0020\} \leq \{r0010\}$, i.e. o/w Trading Book \leq Total Core Approach) be modified to evaluate the absolute values in the equation?</p>
Background on the question	---
EBA answer	<p>According to Regulation (EU) No 575/2013, article 105(8), independent price verification is an additional process to daily mark-to-market/marking to model. It usually leads to different results. These results may be higher or lower than daily mark-to-market outcomes. Taking into account the instructions for column 0160 of template 32.02 (instructions regarding this topic for templates 32.03 and 32.04 are similar) of Part II of Annex II to Regulation (EU) No 680/2014 (ITS on supervisory reporting), positive or negative figures may be reported in this column, depending on whether IPV amounts are higher or lower than daily mark-to-market/marking to model data. In fact, there is no validation rule obliging to report templates C32.02 (column 0160), C32.03 (column 0110) and C32.04 (column 0100) as positive values. Regarding validation rule v6341_m, it could fail in some cases, for example, where IPV from trading book are positive and IPV from total are negative. Hence, validation rule v6341_m shall be amended.</p>
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2019_4924

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