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ANNEX II

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**INSTRUCTIONS FOR REPORTING ON OWN FUNDS AND OWN FUNDS REQUIREMENTS**

**PART II: TEMPLATE RELATED INSTRUCTIONS**

(…)

3.6. C 11.00 – Settlement/Delivery Risk (CR SETT)

3.6.1. General remarks

99. This template requests information on both trading and non-trading book transactions which are unsettled after their due delivery dates, and their corresponding own funds requirements for settlement risk as referred to in Article 92(3), point (c)(ii) and Article 378 of Regulation (EU) No 575/2013.

100. Institutions shall report in the CR SETT template information on the settlement/delivery risk in connection with debt instruments, equities, foreign currencies and commodities held in their trading or non-trading book.

101. In accordance with Article 378 of Regulation (EU) No 575/2013, repurchase transactions, securities or commodities lending and securities or commodities borrowing in connection with debt instruments, equities, foreign currencies and commodities are not subject to own funds requirements for settlement/delivery risk. Note however that, derivatives and long settlement transactions unsettled after their due delivery dates shall nevertheless be subject to own funds requirements for settlement/delivery risk as determined in Article 378 of Regulation (EU) No 575/2013.

102. In case of unsettled transactions after the due delivery date, institutions shall calculate the price difference to which they are exposed. That is the difference between the agreed settlement price for the debt instrument, equity, foreign currency or commodity in question and its current market value, where the difference could involve a loss for the institution.

103. Institutions shall multiply that difference by the appropriate factor of Article 378, Table 1 of Regulation (EU) No 575/2013 to determine the corresponding own funds requirements.

104. In accordance with Article 92(4), point (b), of Regulation (EU) No 575/2013, the own funds requirements for settlement/delivery risk shall be multiplied by 12,5 to calculate the risk exposure amount.

105. Note that own funds requirements for free deliveries as laid down in Article 379 of Regulation (EU) No 575/2013 are not within the scope of the CR SETT template. Those own funds requirements shall be reported in the credit risk templates (CR SA, CR IRB).

3.6.2. Instructions concerning specific positions

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| **Columns** | |
| 0010 | UNSETTLED TRANSACTIONS AT SETTLEMENT PRICE  Institutions shall report the unsettled transactions after their due delivery date at the respective agreed settlement prices as referred to in Article 378 of Regulation (EU) No 575/2013.  All unsettled transactions shall be included in this column, irrespective of whether or not they are at a gain or at a loss after the due settlement date. |
| 0020 | PRICE DIFFERENCE EXPOSURE DUE TO UNSETTLED TRANSACTIONS  Institutions shall report the price difference between the agreed settlement price and its current market value for the debt instrument, equity, foreign currency or commodity in question, where the difference could involve a loss for the institution, as referred to in Article 378 of Regulation (EU) No 575/2013.  Only unsettled transactions at a loss after the due settlement date shall be reported in this column. |
| 0030 | OWN FUNDS REQUIREMENTS  Institutions shall report the own funds requirements calculated in accordance with Article 378 of Regulation (EU) No 575/2013. |
| 0040 | TOTAL SETTLEMENT RISK EXPOSURE AMOUNT  In accordance with Article 92(4), point (b), of Regulation (EU) No 575/2013, institutions shall multiply their own funds requirements reported in column 0030 by 12.5 in order to obtain the settlement risk exposure amount. |

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| **Rows** | |
| 0010 | Total unsettled transactions in the Non-trading Book  Institutions shall report aggregated information about settlement/delivery risk for non-trading book positions (as referred to in Article 92(4), point (ca) and Article 378 of Regulation (EU) No 575/2013).  Institutions shall report in {r0010;c0010} the aggregated sum of unsettled transactions after their due delivery dates at the respective agreed settlement prices.  Institutions shall report in {r0010;c0020} the aggregated information for price difference exposure due to unsettled transactions at a loss.  Institutions shall report in {r0010;c0030] the aggregated own funds requirements derived from summing the own funds requirements for unsettled transactions by multiplying the “price difference” reported in column 0020 by the appropriate factor based on the number of working days after due settlement date (categories referred to in Article 378, Table 1 of Regulation (EU) No 575/2013). |
| 0020-0060 | Transactions unsettled up to 4 days (Factor 0 %)  Transactions unsettled between 5 and 15 days (Factor 8 %)  Transactions unsettled between 16 and 30 days (Factor 50 %)  Transactions unsettled between 31 and 45 days (Factor 75 %)  Transactions unsettled for 46 days or more (Factor 100 %)  Institutions shall report in rows 0020 to 0060 the information about settlement/delivery risk for non-trading book positions in accordance with the categories referred to in Article 378, Table 1 of Regulation (EU) No 575/2013.  No own funds requirements for settlement/delivery risk are required for transactions unsettled less than 5 working days after the due settlement date. |
| 0070 | Total unsettled transactions in the Trading Book  Institutions shall report aggregated information about settlement/delivery risk for trading book positions (as referred to in Article 92(4), point (ca) and Article 378 of Regulation (EU) No 575/2013).  Institutions shall report in {r0070;c0010} the aggregated sum of unsettled transactions after their due delivery dates at the respective agreed settlement prices.  Institutions shall report in {r0070;c0020} the aggregated information for price difference exposure due to unsettled transactions at a loss.  Institutions shall report in {r0070;c0030} the aggregated own funds requirements derived from summing the own funds requirements for unsettled transactions by multiplying the “price difference” reported in column 0020 by an appropriate factor based on the number of working days after due settlement date (categories referred to in Article 378, Table 1 of Regulation (EU) No 575/2013). |
| 0080-0120 | Transactions unsettled up to 4 days (Factor 0 %)  Transactions unsettled between 5 and 15 days (Factor 8 %)  Transactions unsettled between 16 and 30 days (Factor 50 %)  Transactions unsettled between 31 and 45 days (Factor 75 %)  Transactions unsettled for 46 days or more (Factor 100 %)  Institutions shall report in rows 0080 to 0120 the information about settlement/delivery risk for trading book positions in accordance with the categories referred to in Article 378, Table 1 of Regulation (EU) No 575/2013.  No own funds requirements for settlement/delivery risk are required for transactions unsettled less than 5 working days after the due settlement date. |