Clarification of Procedures for completion of COR002 Large Exposures templates

Exposures C28 and C29 (LE 2 and 3 according to the Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014).

Text taken from Large Exposure instructions in COMMISSION IMPLEMENTING REGULATION (EU) No 680/2014 Annex IX:

030 Transactions where there is an exposure to underlying assets Article 390(7) of Regulation (EU) No 575/2013 In accordance with further technical specifications by the national competent authorities, when the institution has exposures to the reported counterparty through a transaction where there is an exposure to underlying assets, the equivalent to 'Yes' shall be reported; otherwise the equivalent to 'No' shall be reported.

In order to ensure this information can be consistently handled by the PRA's systems please note only the following values can be entered into this field, Yes or No or as 'equivalents' firms can use True/False, or 1/0. Any firm that provides values other than Yes/No, True/False or 1/0 in 030 on templates C28 and/or C29 may be contacted and may be required to resubmit.

Use of Firm and Group Codes.

The structure of the COR002 LE module means that exposure data in templates C28-C31 is linked to the counterparty names and other data in template C27 only by the counterparty codes. It is therefore essential, if the data is to be usable, that the codes in templates C28-C31 match the corresponding code for the relevant counterparty in template C27.

Where Large Exposures are reported in templates C28 and C30 to Groups of Connected Clients (GCCs) the code in column 010 of the template should be completed in accordance with the ITS as referenced in Section 5.1 re LE1 template (template C27).
For a group of connected clients, the code that shall be reported shall be the code of the parent company as detailed in C27. Where the group of connected clients does not have a parent, the code that shall be reported shall be the code of the individual entity which is considered by the institution as the most significant within the group of connected clients. In any other case the code shall correspond to the individual counterparty. This code shall be used in a consistent way across time.
Column 020 in template C28 shall be completed as "2" to indicate that it is a GCC.
All counterparties with exposures contributing to an aggregate GCC exposure must be reported in template

C27 with counterparty details, and again in template C29 with exposure details, and also template C31 with maturity breakdown where template C30 applies.

In templates C29 and C31 column 020 must be completed with the code of the parent company or most significant entity within the relevant GCC as described above.

Firms must also complete column 020 in template C28, to indicate whether the exposure is to an individual Counterparty or to a Group of Connected Counterparties.

Counterparty in more than one Group of Connected Clients.

Where an individual counterparty is reported as contributing to the exposure of more than one GCC (e.g. where a counterparty is a 50/50 Joint Venture between 2 Groups, both of which are reportable Large Exposures, it should be reported once in template C27, but should be reported in template C29 (and C31 if appropriate) for each Group; for each Group the code of the parent company or most significant entity within the relevant GCC must be entered in column 020 as set out above.

Firm and Group Codes – A Worked Example:

In the example below, the data reported in the form is shown in black. This data gives no direct connection between the counterparties and the exposures. To provide this connection, it is necessary to link the codes in column 010 of template C27 to the codes in column 010 of the subsequent 4 templates C28 – C31. In the example, this was done by a simple Lookup Function, and the imported data in templates C28 and C29 is shown in RED. If these codes do not agree, or if any entity appears in any of the templates C28-C31 that is not listed in template C27, the system breaks down. In particular, some firms have failed to capture in template C27 all the subsidiary members of Counterparty Groups that appear in template 29, or have failed to use codes in template C29 that match template C27.

In this simple example, the reporter has Large Exposures to one Group of Connected Clients –XYZ Bank and its subsidiaries - and to two other individual counterparties. Only the relevant (low numbered) columns of templates C28 and C29 are shown. Templates C30 and C31 are not shown, but the same considerations apply equally there.

C 27.00 - Identification of the counterparty (LE 1)

				COUNTERPARTY IDENTIFICATION		
Code	Name	LEI code	Residence of the counterparty	Sector of the counterparty	NACE code	Type of counterparty
010	020	030	040	050	060	070
1	*XYZ Bank*	LEI30001	UNITED KINGDOM	Credit institutions	K - Financial and insurance activities	I
2	*XYZ Private Bank*	LEI30005	UNITED KINGDOM	Credit institutions	K - Financial and insurance activities	I
3	*XYZ Bank Scotland*	LEI30017	UNITED KINGDOM	Credit institutions	K - Financial and insurance activities	I
4	*Alphabet Finance*	LEI30301	UNITED KINGDOM	Credit institutions	K - Financial and insurance activities	I
5	*Alphabet Leasing Company*	LEI30427	UNITED KINGDOM	Other financial corporations	K - Financial and insurance activities	I
6	*XYZ Car Rental*		UNITED KINGDOM	Non-financial corporations	X : Real estate, renting and business activities	I
7	*Another Bank*	LEI50169	UNITED KINGDOM	Credit institutions	K - Financial and insurance activities	I
8	*Government of UK*		UNITED KINGDOM			

C 28.00 - Exposures in the non-trading and trading book (LE 2)

	COUNTERPARTY			ORIGINAL EXPOSURES			
Code	Group or individual	Counterparty Name		Transactions where there is an exposure to underlying assets	Total original exposure	Of which: defaulted	
010	020	Lookup		030	040	050	
1	2 - Exposures to groups of connected clients	XYZ Bank					
7	1- exposures to individual counterparties	Another Bank					
8	1- exposures to individual counterparties	Government of UK					

C 29.00-Detail of the exposures to individual clients within groups of connected clients (LE 3)

	COUNTERPARTY			ORIGINAL EXPOSURES		
Code	Counterparty Name	Group code	Group Name	Transactions where there is an exposure to underlying assets	Type of connection	
010	Lookup	020	Lookup	030	040	
1	XYZ Bank	1	XYZ Bank			
2	XYZ Private Bank	1	XYZ Bank		a	
3	XYZ Bank Scotland	1	XYZ Bank		a	
4	Alphabet Finance	1	XYZ Bank		a	
5	Alphabet Leasing Company	1	XYZ Bank		a	
6	XYZ Car Rental	1	XYZ Bank		a	

23 September 2014