



Part

COUNTERPARTY CREDIT RISK

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1 APPLICATION AND DEFINITIONS

1.1 This Part applies to every *firm* that is a *CRR firm*.

1.2 In this Part the following definitions shall apply:

CCR Mark-to-Market method

means the method set out in in Chapter Six, Section 3 of the *CRR*.

interest-rate contract

means an interest rate contract of a type listed in paragraph 1 of Annex II of the *CRR*.

1.3 Unless otherwise defined, any italicised expression used in this Part and in the *CRR* has the same meaning as in the *CRR*.

2 HEDGING SETS

2.1 For the purpose of Article 282(6) of the *CRR*, a *firm* must apply the *CCR Mark-to-Market method* to:

(a) *transactions* with a non-linear risk profile; or

(b) *payment legs* and *transactions* with debt instruments as underlying

for which it cannot determine the delta or modified duration, as the case may be, using an internal model approved by the *PRA* under Title IV of the *CRR* for the purposes of determining *own funds* requirements for *market risk*.

2.2 For the purposes of 2.1, a *transaction* means a transaction to which Chapter Six of the *CRR* applies.

3 RECOGNITION OF NETTING: INTEREST RATE DERIVATIVES

3.1 For the purpose of Article 298(4) of the *CRR*, a *firm* must use the original maturity of the *interest-rate contract*.



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Externally defined glossary terms

Term	Definition source
<i>payment legs</i>	<i>Article 272(26) CRR</i>