

Chapter 2

Commission Delegated Regulation (EU) No 1187/2014

Article 5 Calculation of the exposure value

(1) The exposure of an institution to an underlying asset of a transaction is the lower of the following:

- (a) the exposure value of the exposure arising from the underlying asset;
- (b) the total exposure value of the institution's exposures to the underlying asset resulting from all exposures of the institution to the transaction.

(2) For each exposure of an institution to a transaction, the exposure value of the resulting exposure to an underlying asset shall be determined as follows:

- (a) if the exposures of all investors in this transaction rank *pari passu*, the exposure value of the resulting exposure to an underlying asset shall be the pro rata ratio for the institution's exposure to the transaction multiplied by the exposure value of the exposure formed by the underlying asset;
- (b) in cases other than those referred to point (a) the exposure value of the resulting exposure to an underlying asset shall be the pro rata ratio for the institution's exposure to the transaction multiplied by the lower of:
 - (i) the exposure value of the exposure formed by the underlying asset;
 - (ii) the total exposure value of the institution's exposure to the transaction together with all other exposures to this transaction that rank *pari passu* with the institution's exposure.

(3) The pro rata ratio for an institution's exposure to a transaction shall be the exposure value of the institution's exposure divided by the total exposure value of the institution's exposure together with all other exposures to this transaction that rank *pari passu* with the institution's exposure.