

Chapter 2

Commission Delegated Regulation (EU) No 1187/2014

Article 6 Procedure for determining the contribution of underlying exposures to overall exposures

(1) For each credit risk exposure for which the obligor is identified, an institution shall include the exposure value of its exposure to the relevant underlying asset when calculating the overall exposure to this obligor as an individual client or to the group of connected clients to which this obligor belongs.

(2) If an institution has not identified the obligor of an underlying credit risk exposure, or where an institution is unable to confirm that an underlying exposure is not a credit risk exposure, the institution shall assign this exposure as follows:

(a) where the exposure value does not exceed 0,25 % of the institution's eligible capital, it shall assign this exposure to the transaction as a separate client;

(b) where the exposure value is equal to or exceeds 0,25 % of the institution's eligible capital and the institution can ensure, by means of the transaction's mandate, that the underlying exposures of the transaction are not connected with any other exposures in its portfolio, including underlying exposures from other transactions, it shall assign this exposure to the transaction as a separate client;

(c) in cases other than those referred to in points (a) and (b), it shall assign this exposure to the unknown client.

(3) If an institution is not able to distinguish the underlying exposures of a transaction, the institution shall assign the total exposure value of its exposures to the transaction as follows:

(a) where this total exposure value does not exceed 0,25 % of the institution's eligible capital, it shall assign this total exposure value to the transaction as a separate client;

(b) in cases other than those referred to in point (a), it shall assign this total exposure value to the unknown client.

(4) For the purposes of paragraphs 1 and 2, institutions shall regularly, and at least on a monthly basis, monitor such transactions for possible changes in the composition and the relative share of the underlying exposures.