

Chapter 7

Commission Delegated Regulation (EU) No 526/2014



Article 2 Identification of LGDMKT

In order to identify the loss given default of the counterparty (LGD_{MKT}) for the purposes of calculating the own funds requirements for CVA risk according to the advanced method for a counterparty requiring the use of a proxy spread, institutions shall use a value for LGD_{MKT} that is consistent with the fixed LGDs commonly used by market participants for determining implied PDs from those market spreads that have been used to determine the proxy spread for the counterparty in question in accordance with Article 1.