## Chapter 1

## Commission Delegated Regulation (EU) 2016/101



## Article 17 Calculation of operational risk AVA

- (1) Institutions shall estimate an operational risk AVA by assessing the potential losses that may be incurred as a result of operational risk related to valuation processes. This estimate shall include an assessment of valuation positions judged to be at-risk during the balance sheet substantiation process, including those due to legal disputes.
- (2) Where an institution applies the Advanced Measurement Approach for Operational Risk as specified in Part Three, Title III, Chapter 4 of Regulation (EU) No 575/2013, it may report a zero operational risk AVA on condition that it provides evidence that the operational risk relating to valuation processes, as determined in accordance with paragraph 1, is fully accounted for by the Advanced Measurement Approach calculation.
- (3) In other cases than those referred to in paragraph 2, the institution shall calculate an operational risk AVA of  $10\,\%$  of the sum of the aggregated category level AVAs for market price uncertainty and close-out costs.