

# Chapter 1

## Commission Delegated Regulation (EU) 2015/2303

## Article 3 Significant risk concentration

(1) Significant risk concentration in the case of regulated entities and mixed financial holding companies shall be deemed to arise from risk exposures towards counterparties which are not part of the financial conglomerate, where those risk exposures:

- (a) are direct or indirect;
- (b) are on-balance and off-balance sheet items;
- (c) concern regulated and unregulated entities, the same or different financial sectors in a financial conglomerate;
- (d) consist of any combination or interaction of the exposures set out in points (a), (b) or (c).

(2) Counterparty risk or credit risk shall be deemed to include, in particular, risks related to interconnected counterparties in groups, which do not form part of the financial conglomerate, including an accumulation of exposures towards those counterparties.

(3) With respect to regulated entities and mixed financial holding companies, when identifying types of significant risk concentration, defining appropriate thresholds, periods for reporting and overviewing significant risk concentration, the coordinator and the other regulator shall, in particular, take into account:

- (a) the solvency and liquidity position at the level of the financial conglomerate and of the individual entities within the financial conglomerate;
- (b) the size, complexity and specific structure of the financial conglomerate including the existence of special purpose vehicles, ancillary entities, third countries entities;
- (c) the specific risk management structure of the financial conglomerate and the features of the system of governance;
- (d) the diversification of the financial conglomerate's exposures and of its investment portfolio;

- (e) the diversification of the financial conglomerate's financial activities with respect to geographical areas and lines of business;
  - (f) the relationship, correlation and interaction between risk factors across the entities in the financial conglomerate;
  - (g) possible contagion effects within the financial conglomerate;
  - (h) possible circumventions of sectoral rules
  - (i) possible conflicts of interest
  - (j) the level or volume of risks;
  - (k) possible accumulation and interaction of exposures incurred by entities belonging to different financial sectors of the financial conglomerate, if not already reported at a sectoral level;
  - (l) exposures within a financial sector of the financial conglomerate, which are not reported under the provisions of the sectoral rules.
- (4) The coordinator and the other regulator shall agree on the form and content of the significant risk concentration report, including language, remittance dates and channels of communication.
- (5) The coordinator and the other regulator shall at least require regulated entities or mixed financial holding companies to report the following:
- (a) a description of the significant risk concentration according to the types of risks set out in paragraph 1;
  - (b) the break-down of the significant risk concentration by counterparties and groups of interconnected counterparties, geographical areas, economic sectors, currencies, identifying the names, company register numbers or other identification numbers of the relevant group companies of the financial conglomerate and their respective counterparties, including LEI, where applicable;
  - (c) the total amount of each significant risk concentration at the end of a specific reporting period valued according to the applicable sectoral rules;
  - (d) if applicable, the amount of significant risk concentration taking into account risk mitigation techniques and risk weighting factors;

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(e) information on how conflicts of interests and risks of contagion at the level of the financial conglomerate regarding significant risk concentration are managed, taking into consideration the financial conglomerate's strategy to combine activities in the banking, insurance and investment services sectors, or a sectoral own risks self-assessment including a consideration on the management of conflicts of interests and risks of contagion regarding significant risk concentration.