

18 June 2021

Basel Final Standards Reporting

To the attention of:	Direct Participants
Priority:	High
Topic:	Application of Basel III Final Standards for calculation of participants' exposure to CC&G

Dear Client,

starting June 28th 2021, the new version of Regulation EU 575/2013 (CRR), as amended by Regulation EU 876/2019 ([CRR II](#)), will go into force.

The amended Regulation, by transposing Basel Final Standards¹, reflects the changes to the current framework for calculation of capital requirements for exposure to CCPs.

The main changes we would like to bring to your attention are:

- **The new Standardized Approach (SA-CCR) will replace the Current Exposure Method (CEM)** for measuring *Exposure at default* (EAD). For CC&G this will affect the *Hypothetical capital* (Kccp) used to calculate the risk weight (c-factor) for derivatives (Options and Futures) listed on derivatives markets, such as IDEM and IDEX.
- A **new formula for c-factor**, i.e. the risk weight used to determine capital requirement for Default Fund contributions provided by Clearing members to CC&G.

As a consequence, Basel Reports (MB01, MB02, MB03, MB04) will be amended accordingly. The first report, following the new Regulation, will be available on July 1st, 2021.

¹ *Capital requirements for bank exposures to central counterparties* (BCBS 282) and *Standardised approach to counterparty credit risk* (BCBS 279)

Details of the changes applied to Reports MB01-MB04, disclosed through ICWS/BCS systems on a monthly basis, are set out in the latest version of [CC&G Technical Manual](#) [Par. 2.10].

Lastly, Basel III data comparison under both approaches (CEM and SA-CRR) for Equity Derivatives Section will be no longer published on CC&G Website. Direct Participants will find Equity Derivatives data calculated under SA-CRR only, through the usual ICWS/BCS systems (Report MB02).

For Information on how to retrieve reports please contact:

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