



COMMISSION DELEGATED REGULATION (EU) 2025/878

of 3 February 2025

**amending the regulatory technical standards laid down in Delegated Regulation (EU) 2022/2059,
Delegated Regulation (EU) 2022/2060 and Delegated Regulation (EU) 2023/1577 as regards the
technical details of back-testing and profit and loss attribution requirements, the criteria for
assessing the modellability of risk factors, and the treatment of foreign-exchange risk and commodity
risk in the non-trading book**

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (¹), and in particular Article 325(9), third subparagraph, Article 325be(3), third subparagraph, Article 325bf(9), third subparagraph, and Article 325bg(4), third subparagraph, thereof,

Whereas:

- (1) Regulation (EU) 2024/1623 of the European Parliament and of the Council (²) amended some provisions of Regulation (EU) No 575/2013, to introduce a small number of remaining BCBS requirements that had not been implemented in the previous banking package and some clarifications to the already existing requirements. Those amendments should therefore be reflected in Commission Delegated Regulations (EU) 2022/2059 (³), (EU) 2022/2060 (⁴) and (EU) 2023/1577 (⁵), supplementing Regulation (EU) No 575/2013.

- (2) To ensure a clearer alignment with the BCBS international standards and to additional amendments introduced in Union law by Regulation (EU) 2024/1623, it is necessary to amend Delegated Regulation (EU) 2022/2059 to specify that green zone desks, as classified in accordance with that Regulation, should be considered to have close theoretical and hypothetical changes in the portfolio's value, and yellow trading desks to have sufficiently close, but not close, theoretical and hypothetical changes in the portfolio's value. Red and orange zone desks should instead be considered to have theoretical and hypothetical changes in the portfolio's value that are neither close nor sufficiently close.

(¹) OJ L 176, 27.6.2013, p. 1.

(²) Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (OJ L, 2024/1623, 19.6.2024, ELI: <http://data.europa.eu/eli/reg/2024/1623/oj>).

(³) Commission Delegated Regulation (EU) 2022/2059 of 14 June 2022 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards specifying the technical details of back-testing and profit and loss attribution requirements under Articles 325bf and 325bg of Regulation (EU) No 575/2013 (OJ L 276, 26.10.2022, p. 47, ELI: http://data.europa.eu/eli/reg_del/2022/2059/oj).

(⁴) Commission Delegated Regulation (EU) 2022/2060 of 14 June 2022 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards specifying the criteria for assessing the modellability of risk factors under the internal model approach (IMA) and specifying the frequency of that assessment under Article 325be(3) of that Regulation (OJ L 276, 26.10.2022, p. 60, ELI: http://data.europa.eu/eli/reg_del/2022/2060/oj).

(⁵) Commission Delegated Regulation (EU) 2023/1577 of 20 April 2023 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards on the calculation of the own funds requirements for market risk for non-trading book positions subject to foreign exchange risk or commodity risk and the treatment of those positions for the purposes of the regulatory back-testing requirements and the profit and loss attribution requirement under the alternative internal model approach (OJ L 193, 1.8.2023, p. 1, ELI: http://data.europa.eu/eli/reg_del/2023/1577/oj).

- (3) It is necessary to amend Delegated Regulation (EU) 2022/2059 to remove the aggregation formula, currently laid down in Article 16 of that Delegated Regulation, which is now laid down in Article 325ba(3) of Regulation (EU) No 575/2013.
- (4) To support competent authorities in their assessment on whether to allow institutions to use market data provided by third-party vendors in the assessment of modellability of risk factors in accordance with Article 325be(1), second subparagraph, of Regulation (EU) No 575/2013, it is necessary to adjust the documentation requirements laid down in Delegated Regulation (EU) 2022/2060.
- (5) To ensure additional clarity on the calculation of the own funds requirements for market risk in relation to non-trading book positions, institutions should have clear policies outlining which are the trading desks in charge of managing those positions, and they should be able to identify whether the foreign exchange positions just relate to translation risk. It is therefore necessary to amend Delegated Regulation (EU) 2023/1577 to ensure that those objectives are achieved.
- (6) This Regulation is based on the draft regulatory technical standards submitted to the Commission by the European Banking Authority.
- (7) The European Banking Authority has conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the advice of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council (6).
- (8) The empowerments contained in Article 325(9), third subparagraph, Article 325be(3), third subparagraph, Article 325bf(9), third subparagraph, and Article 325bg(4), third subparagraph of Regulation (EU) No 575/2013 aim to further specify technical elements to be used by the banks in their calculation of their own funds requirements for market risk under the alternative internal model approach. As those empowerments are closely linked by their subject matter, the amendments proposed in this Regulation provide a complete view of all of the necessary changes to alternative internal models following the adoption of Regulation (EU) 2024/1623 and should, thus, be bundled in this Regulation,

HAS ADOPTED THIS REGULATION:

Article 1

Delegated Regulation (EU) 2022/2059 is amended as follows:

- (1) in Article 6, paragraph 1 is replaced by the following:

'1. For the purposes of Article 325bg of Regulation (EU) No 575/2013, institutions shall calculate, for a given trading desk's portfolio, the Spearman correlation coefficient laid down in Article 7 of this Regulation, the Kolmogorov-Smirnov test metric laid down in Article 8 of this Regulation and, based on the results of those calculations, apply the criteria referred to in Article 9 of this Regulation.'
- (2) Article 9 is amended as follows:
 - (a) paragraph 1 is replaced by the following:

'1. For the purposes of Article 325bg(1) of Regulation (EU) No 575/2013, institutions shall classify each of the trading desks as a green, orange, yellow or red zone desk in accordance with paragraphs 2 to 5.'
 - (b) the following paragraphs 6, 7 and 8 are added:

'6. For the purposes of Article 325bg(1) of Regulation (EU) No 575/2013, a trading desk that has been classified as a green zone desk shall be considered to have theoretical changes in the value of that trading desk's portfolio close to the hypothetical changes in the value of that trading desk's portfolio.'

(6) Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12, ELI: <http://data.europa.eu/eli/reg/2010/1093/oj>).

7. For the purposes of Article 325bg(1) Regulation (EU) No 575/2013, a trading desk that has been classified as a yellow zone desk shall be considered to have theoretical changes in the value of that trading desk's portfolio sufficiently close, but not close, to the hypothetical changes in the value of that trading desk's portfolio.

8. For the purposes of Article 325bg(1) Regulation (EU) No 575/2013, a trading desk that has been classified as either an orange zone desk or a red zone desk shall be considered to have theoretical changes in the value of that trading desk's portfolio neither close nor sufficiently close to the hypothetical changes in the value of that trading desk's portfolio.';

(3) Article 10 is replaced by the following:

'Article 10

Calculation of the additional own funds requirement referred to in Article 325bg(2) of Regulation (EU) No 575/2013

1. The additional own funds requirement referred to in Article 325bg(2) shall be equal to:

$$PLA_{addon} = k \cdot \max \{ASA_{aima} - AIMA; 0\}$$

Where:

PLA_{addon} = PLA_{addon} as defined in Article 325ba(3) of Regulation (EU) No 575/2013;

k = as specified in paragraph 2;

ASA_{aima} = ASA_{aima} as defined in Article 325ba(3) of Regulation (EU) No 575/2013;

$AIMA$ = $AIMA$ as defined in Article 325ba(3) of Regulation (EU) No 575/2013.

2. For the purposes of paragraph 1, the coefficient k shall be calculated in accordance with the following formula:

$$k = 0,5 \cdot \frac{\sum_{i \in y} ASA_i}{\sum_{i \in aima} ASA_i}$$

Where:

ASA_i = the own funds requirements for market risks as calculated in accordance with the alternative standardised approach set out in Part Three, Title IV, Chapter 1a of Regulation (EU) No 575/2013 for all the positions attributed to trading desk ' i ';

$i \in y$ = the indices of all trading desks that have been classified as yellow zone desks in accordance with Article 9 of this Regulation among those for which the own funds requirements for market risks are calculated in accordance with the alternative internal model approach set out in Part Three, Title IV, Chapter 1b of Regulation (EU) No 575/2013;

$i \in aima$ = the indices of all trading desks for which the own funds requirements for market risks are calculated in accordance with the alternative internal model approach set out in Part Three, Title IV, Chapter 1b of Regulation (EU) No 575/2013.';

(4) Article 16 is deleted.

Article 2

Delegated Regulation (EU) 2022/2060 is amended as follows:

- (1) in Article 2, paragraph 4 is deleted;
- (2) in Article 7(1), the following subparagraph is added:

'Where an institution's sources of verifiable price information referred to in point (b) of the first subparagraph include third-party vendors, the institution shall document in addition for each third-party vendor the number of risk factors that have been classified as modellable on the basis of the verifiable prices provided by that third party vendor, and a materiality assessment of those risk factors.'

Article 3

Delegated Regulation (EU) 2023/1577 is amended as follows:

- (1) in Article 1, the following paragraph 6 is added:

'6. When calculating the own funds requirements for market risk on a consolidated basis, in accordance with Article 325b of Regulation (EU) No 575/2013, institutions shall be able to identify, in their internal risk-management systems, the positions that have been included in the foreign exchange risk exposure of the institution due to the translation risk resulting when translating the positions of each institution or undertaking of the group into the same reporting currency in accordance with that Article.'

- (2) in Article 3, the following paragraphs 7 and 8 are added:

'7. Institutions shall document, as part of the internal policies referred to in Article 325bi of Regulation (EU) No 575/2013, whether non-trading book positions subject to foreign exchange risk are assigned to a trading desk managing exclusively non-trading book positions in accordance with Article 104b(6) of Regulation (EU) No 575/2013, or to a trading desk managing both trading and non-trading book positions. Where some non-trading book positions subject to foreign exchange risk are assigned to a trading desk managing exclusively non-trading book positions in accordance with Article 104b(6) of Regulation (EU) No 575/2013, and some others are assigned to a trading desk managing both trading and non-trading book positions, the internal policies shall specify the criteria and the rationale for the assignment to a trading desk exclusively managing non-trading book positions or to a desk managing both trading and non-trading book positions.

8. When calculating the own funds requirements for market risk on a consolidated basis, in accordance with Article 325b of Regulation (EU) No 575/2013, institutions shall be able to identify, in their internal risk-measurement systems, the positions that have been included in the foreign exchange risk exposure of the institution due to the translation risk resulting when translating the positions of each institution or undertaking of the group into the same reporting currency in accordance with that Article.'

- (3) in Article 4, the following paragraph 4 is added:

'4. Institutions shall document, as part of the internal policies referred to in Article 325bi of Regulation (EU) No 575/2013, whether non-trading book positions subject to commodity risk or to both commodity and foreign exchange risk are assigned to a trading desk managing exclusively non-trading book positions in accordance with Article 104b(6) of Regulation (EU) No 575/2013, or to a trading desk managing both trading and non-trading book positions. Where some non-trading book positions subject to foreign exchange risk are assigned to a trading desk managing exclusively non-trading book positions in accordance with Article 104b(6) of Regulation (EU) No 575/2013, and some others are assigned to a trading desk managing both trading and non-trading book positions, the internal policies shall specify the criteria and the rationale for the assignment to a trading desk exclusively managing non-trading book positions or to a desk managing both trading and non-trading book positions.'

Article 4

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 3 February 2025.

For the Commission

The President

Ursula VON DER LEYEN