Corrigendum to Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012

(Official Journal of the European Union L 150 of 7 June 2019)

(1) On page 18, Article 6, new paragraph 1a, first subparagraph:

for: '1a. By way of derogation from paragraph 1 of this Article, only institutions identified as resolution entities that are also G-SIIs or that are part of a G-SII, and that do not have subsidiaries shall comply with the requirement laid down in Article 92a on an individual basis.',

read: '1a. By way of derogation from paragraph 1 of this Article, only institutions identified as resolution entities that are also G-SII entities and that do not have subsidiaries shall comply with the requirements laid down in Article 92a on an individual basis.'.

(2) On page 20, Article 11, new paragraph 3a, first subparagraph:

for: '3a. By way of derogation from paragraph 1 of this Article, only parent institutions identified as resolution entities that are G-SIIs, part of a G-SII or part of a non-EU G-SII shall comply with Article 92a of this Regulation on a consolidated basis, to the extent and in the manner set out in Article 18 of this Regulation.',

read: '3a. By way of derogation from paragraph 1 of this Article, only parent institutions identified as resolution entities that are G-SII entities shall comply with Article 92a of this Regulation on a consolidated basis, to the extent and in the manner set out in Article 18 of this Regulation.'.

(3) On page 21, new Article 12a, second and third paragraphs:

for: 'Where the amount calculated in accordance with the first paragraph of this Article is lower than the sum of the amounts of own funds and eligible liabilities referred to in point (a) of Article 92a(1) of this Regulation of all resolution entities belonging to that G-SII, the resolution authorities shall act in accordance with Articles 45d(3) and 45h(2) of Directive 2014/59/EU.

Where the amount calculated in accordance with the first paragraph of this Article is higher than the sum of the amounts of own funds and eligible liabilities referred to in point (a) of Article 92a(1) of this Regulation of all resolution entities belonging to that G-SII, the resolution authorities may act in accordance with Articles 45d(3) and 45h(2) of Directive 2014/59/EU.',

read: 'Where the amount calculated in accordance with the first paragraph of this Article is lower than the sum of the amounts of own funds and eligible liabilities referred to in point (a) of Article 92a(1) of this Regulation of all resolution entities belonging to that G-SII, the resolution authorities shall act in accordance with Articles 45d(4) and 45h(2) of Directive 2014/59/EU.

Where the amount calculated in accordance with the first paragraph of this Article is higher than the sum of the amounts of own funds and eligible liabilities referred to in point (a) of Article 92a(1) of this Regulation of all resolution entities belonging to that G-SII, the resolution authorities may act in accordance with Articles 45d(4) and 45h(2) of Directive 2014/59/EU.'.

(4) On page 21, replaced Article 13, paragraph 2:

for: '2. Institutions identified as resolution entities that are G-SIIs or that are part of a G-SII shall comply with Article 437a and point (h) of Article 447 on the basis of the consolidated situation of their resolution group.',

read: '2. Institutions identified as resolution entities that are G-SII entities shall comply with Article 437a and point (h) of Article 447 on the basis of the consolidated situation of their resolution group.'.

(5) On page 23, replaced Article 22:

for: '*Article 22*

Sub-consolidation in case of entities in third countries

1. Subsidiary institutions shall apply the requirements laid down in Articles 89, 90 and 91 and Parts Three, Four and Seven and the associated reporting requirements laid down in Part Seven A on the basis of their sub-consolidated situation if those institutions have an institution or a financial institution as a subsidiary in a third country, or hold a participation in such an undertaking.

2. By way of derogation from paragraph 1 of this Article, subsidiary institutions may choose not to apply the requirements laid down in Articles 89, 90 and 91 and Parts Three, Four and Seven and the associated reporting requirements laid down in Part Seven A on the basis of their sub-consolidated situation where the total assets and off-balance-sheet items of their subsidiaries and participations in third countries are less than 10 % of the total amount of the assets and off-balance-sheet items of the subsidiary institution.',

read: '*Article 22*

Sub-consolidation in case of entities in third countries

1. Subsidiary institutions shall apply the requirements laid down in Articles 89, 90 and 91 and Parts Three, Four and Seven and the associated reporting requirements laid down in Part Seven A on the basis of their sub-consolidated situation if those institutions, or their parent undertaking where the parent undertaking is a financial holding company or mixed financial holding company, have an institution or a financial institution as a subsidiary in a third country, or hold a participation in such an undertaking.

2. By way of derogation from paragraph 1 of this Article, subsidiary institutions may choose not to apply the requirements laid down in Articles 89, 90 and 91 and Parts Three, Four and Seven and the associated reporting requirements laid down in Part Seven A on the basis of their sub-consolidated situation where the total assets and off-balance-sheet items of the subsidiaries and participations in third countries are less than 10 % of the total amount of the assets and off-balance-sheet items of the subsidiary institution.'.

(6) On page 34, new Article 72e, paragraph 4, first subparagraph, definitions:

for: 'LP_i = the amount of eligible liabilities items issued by subsidiary i and held by the parent institution;

β = percentage of own funds instruments and eligible liabilities items issued by subsidiary i and held by the parent undertaking;

O_i = the amount of own funds of subsidiary i, not taking into account the deduction calculated in accordance with this paragraph;

L_i = the amount of eligible liabilities of subsidiary i, not taking into account the deduction calculated in accordance with this paragraph;

r_i = the ratio applicable to subsidiary i at the level of its resolution group in accordance with point (a) of Article 92a(1) of this Regulation and Article 45d of Directive 2014/59/EU; and',

read: 'LP_i = the amount of eligible liabilities instruments issued by subsidiary i and held by the parent institution;

β = percentage of own funds instruments and eligible liabilities instruments issued by subsidiary i and held by the parent undertaking, calculated as:

$$\beta = \frac{(OP_i + LP_i)}{\text{the amount of all own funds instruments and eligible liabilities instruments issued by subsidiary } i};$$

O_i = the amount of own funds of subsidiary i, not taking into account the deduction calculated in accordance with this paragraph;

L_i = the amount of eligible liabilities of subsidiary i, not taking into account the deduction calculated in accordance with this paragraph;

r_i = the ratio applicable to subsidiary i at the level of its resolution group in accordance with point (a) of Article 92a(1) of this Regulation and point (a) of the first subparagraph of Article 45c(3) of Directive 2014/59/EU; and'.

(7) On page 37, Article 1, point (35):

for: '(35) in Article 76, paragraphs 1, 2 and 3 are replaced by the following:

"1. For the purposes of point (a) of Article 42, point (a) of Article 45, point (a) of Article 57, point (a) of Article 59, point (a) of Article 67, point (a) of Article 69 and point (a) of Article 72h, institutions may reduce the amount of a long position in a capital instrument by the portion of an index that is made up of the same underlying exposure that is being hedged, provided that all the following conditions are met:

(…)

2. Where the competent authority has granted its prior permission, an institution may use a conservative estimate of the underlying exposure of the institution to instruments included in indices as an alternative to an institution calculating its exposure to the items referred to in one or more of the following points:

(…)" ',

read: '(35) in Article 76, the title and paragraphs 1, 2 and 3 are replaced by the following:

"Article 76

Index holdings of capital instruments and of liabilities

1. For the purposes of point (a) of Article 42, point (a) of Article 45, point (a) of Article 57, point (a) of Article 59, point (a) of Article 67, point (a) of Article 69, point (a) of Article 72f and point (a) of Article 72h, institutions may reduce the amount of a long position in a capital instrument or in a liability by the portion

of an index that is made up of the same underlying exposure that is being hedged, provided that all the following conditions are met:

(…)

2. Where the competent authority has granted its prior permission, an institution may use a conservative estimate of the underlying exposure of the institution to capital instruments or to liabilities included in indices as an alternative to an institution calculating its exposure to the items referred to in one or more of the following points:

(…)’.

(8) On page 38, replaced Article 78, paragraph 1, second subparagraph, fourth sentence:

for: ‘In the case of Common Equity Tier 1 instruments, that predetermined amount shall not exceed 3 % of the relevant issue and shall not exceed 10 % of the amount by which Common Equity Tier 1 capital exceeds the sum of the Common Equity Tier 1 capital requirements laid down in this Regulation, in Directives 2013/36/EU and 2014/59/EU by a margin that the competent authority considers necessary.’,

read: ‘In the case of Common Equity Tier 1 instruments, that predetermined amount shall not exceed 3 % of the relevant issue and shall not exceed 10 % of the amount by which Common Equity Tier 1 capital exceeds the sum of the Common Equity Tier 1 capital requirements laid down in this Regulation, in Directives 2013/36/EU and 2014/59/EU and a margin that the competent authority considers necessary.’.

(9) On page 42, replaced Article 82:

for: ‘“*Article 82*

Qualifying Additional Tier 1, Tier 1, Tier 2 capital and qualifying own funds

Qualifying Additional Tier 1, Tier 1, Tier 2 capital and qualifying own funds shall comprise the minority interest, Additional Tier 1 or Tier 2 instruments, as applicable, plus the related retained earnings and share premium accounts, of a subsidiary where the following conditions are met:

(…)

(c) those instruments are owned by persons other than the undertakings included in the consolidation pursuant to Chapter 2 of Title II of Part One.”;’,

read: ‘“*Article 82*

Qualifying Additional Tier 1, Tier 1, Tier 2 capital and qualifying own funds

Qualifying Additional Tier 1, Tier 1, Tier 2 capital and qualifying own funds shall comprise the minority interest, Additional Tier 1 or Tier 2 instruments, as applicable, plus the related share premium accounts, of a subsidiary where the following conditions are met:

(…)

(c) the Common Equity Tier 1 items, Additional Tier 1 items and Tier 2 items referred to in the introductory part of this paragraph, are owned by persons other than the undertakings included in the consolidation pursuant to Chapter 2 of Title II of Part One.”;’.

(10) On page 43, Article 92, new paragraph 1a, first subparagraph:

for: ‘1a. In addition to the requirement laid down in point (d) paragraph 1 of this Article, a G-SII shall maintain a leverage ratio buffer equal to the G-SIIs total exposure measure referred to in Article 429(4) of this Regulation multiplied by 50 % of the G-SII buffer rate applicable to the G-SII in accordance with Article 131 of Directive 2013/36/EU.’,

read: ‘1a. In addition to the requirement laid down in point (d) of paragraph 1 of this Article, a G-SII shall maintain a leverage ratio buffer equal to the G-SIIs total exposure measure referred to in Article 429(4) of this Regulation multiplied by 50 % of the G-SII buffer rate applicable to the G-SII in accordance with Article 131 of Directive 2013/36/EU.’.

(11) On page 43, new Article 92a, paragraph 1, introductory part:

for: ‘1. Subject to Articles 93 and 94 and to the exceptions set out in paragraph 2 of this Article, institutions identified as resolution entities and that are a G-SII or part of a G-SII shall at all times satisfy the following requirements for own funds and eligible liabilities:’,

read: ‘1. Subject to Articles 93 and 94 and to the exceptions set out in paragraph 2 of this Article, institutions identified as resolution entities and that are G-SII entities shall at all times satisfy the following requirements for own funds and eligible liabilities:’.

(12) On page 44, new Article 92a, paragraph 3 :

for: ‘3. Where the aggregate resulting from the application of the requirement laid down in point (a) of paragraph 1 of this Article to each resolution entity of the same G SII exceeds the requirement for own funds and eligible liabilities calculated in accordance with Article 12a of this Regulation, the resolution authority of the EU parent institution may, after having consulted the other relevant resolution authorities, act in accordance with Article 45d(4) or 45h(1) of Directive 2014/59/EU.’,

read: ‘3. Where the aggregate resulting from the application of the requirement laid down in point (a) of paragraph 1 of this Article to each resolution entity of the same G-SII exceeds the requirement for own funds and eligible liabilities calculated in accordance with Article 12a of this Regulation, the resolution authority of the EU parent institution may, after having consulted the other relevant resolution authorities, act in accordance with Article 45d(4) or 45h(2) of Directive 2014/59/EU.’.

(13) On page 68, new Article 279a, paragraph 1, point (a), definitions:

for: ‘T = the expiry date of the option; for options which can be exercised at one future date only, the expiry date is equal to that date; for options which can be exercised at multiple future dates, the expiry date is equal to the latest of those dates; the expiry date shall be expressed in years using the relevant business day convention; and’,

read: ‘T = the period between the expiry date of the option (T_{exp}) and the reporting date; for options which can be exercised at one future date only, T_{exp} is equal to that date; for options which can be exercised at multiple future dates, T_{exp} is equal to the latest of those dates; T shall be expressed in years using the relevant business day convention; and’.

(14) On page 70, new Article 279b, paragraph 1, point (a), the formula:

for:

$$\text{‘supervisory duration factor} = \frac{\exp(-R \cdot S) - \exp(-R \cdot E)}{R}$$

where:

R = the supervisory discount rate; R = 5 %;

S = the period between the start date of a transaction and the reporting date, which shall be expressed in years using the relevant business day convention; and

E = the period between the end date of a transaction and the reporting date, which shall be expressed in years using the relevant business day convention.’,

read:

$$\text{‘supervisory duration factor} = \max\left\{\frac{\exp(-R \cdot S) - \exp(-R \cdot E)}{R}; 10/\text{OneBusinessYear}\right\}$$

where:

R = the supervisory discount rate; R = 5 %;

S = the period between the start date of a transaction and the reporting date, which shall be expressed in years using the relevant business day convention;

E = the period between the end date of a transaction and the reporting date, which shall be expressed in years using the relevant business day convention; and

OneBusinessYear = one year expressed in business days using the relevant business day convention.’.

(15) On page 73, new Article 280a, paragraph 3, the formula:

for:

$$\text{‘}\mathrm{EffNot}_j^{IR} = \sqrt{\left[\left(D_{j,1}\right)^2 + \left(D_{j,2}\right)^2 + 1{,}4 \cdot D_{j,1} \cdot D_{j,2} + 1{,}4 \cdot D_{j,2} \cdot D_{j,3} + 0{,}6 \cdot D_{j,1} \cdot D_{j,3}\right]}\text{’,}$$

read:

$$\text{‘}\mathrm{EffNot}_j^{IR} = \sqrt{\left[\left(D_{j,1}\right)^2 + \left(D_{j,2}\right)^2 + \left(D_{j,3}\right)^2 + 1{,}4 \cdot D_{j,1} \cdot D_{j,2} + 1{,}4 \cdot D_{j,2} \cdot D_{j,3} + 0{,}6 \cdot D_{j,1} \cdot D_{j,3}\right]}\text{’.}$$

(16) On page 75, new Article 280c, paragraph 3, the formula:

for:

$$\text{‘}\mathrm{AddOn}_j^{Credit} = \epsilon_j \sqrt{\left(\sum_k \rho_k^{Credit} \cdot \mathrm{AddOn}(\mathrm{Entity}_k)\right)^2 + \sum_k 1 - \left(\rho_k^{Credit}\right)^2) \cdot \left(\mathrm{AddOn}(\mathrm{Entity}_k)\right)^2}\text{’,}$$

read:

$$\text{‘}\mathrm{AddOn}_j^{Credit} = \epsilon_j \sqrt{\left(\sum_k \rho_k^{Credit} \cdot \mathrm{AddOn}(\mathrm{Entity}_k)\right)^2 + \sum_k \left(1 - \left(\rho_k^{Credit}\right)^2\right) \cdot \left(\mathrm{AddOn}(\mathrm{Entity}_k)\right)^2}\text{’.}$$

(17) On page 77, new Article 280d, paragraph 3, the formula:

for: ‘$$\mathrm{AddOn}_j^{\mathrm{Equity}} = \epsilon_j \sqrt{\left(\sum_k \rho_k^{\mathrm{Equity}} \cdot \mathrm{AddOn}(\mathrm{Entity}_k)\right)^2 + \sum_k 1 - \left(\rho_k^{\mathrm{Equity}}\right)^2) \cdot \left(\mathrm{AddOn}(\mathrm{Entity}_k)\right)^2}$$’,

read: ‘$$\mathrm{AddOn}_j^{\mathrm{Equity}} = \epsilon_j \sqrt{\left(\sum_k \rho_k^{\mathrm{Equity}} \cdot \mathrm{AddOn}(\mathrm{Entity}_k)\right)^2 + \sum_k \left(1 - \left(\rho_k^{\mathrm{Equity}}\right)^2\right) \cdot \left(\mathrm{AddOn}(\mathrm{Entity}_k)\right)^2}$$’.

(18) On page 77, new Article 280d, paragraph 4, the formula:

for: ‘$$\mathrm{AddOn}(\mathrm{Entity}_k) = \mathrm{SK}_k^{\mathrm{Equity}} \cdot \mathrm{EffNot}_k^{\mathrm{Equity}}$$’,

read: ‘$$\mathrm{AddOn}(\mathrm{Entity}_k) = \mathrm{SF}_k^{\mathrm{Equity}} \cdot \mathrm{EffNot}_k^{\mathrm{Equity}}$$’.

(19) On page 78, new Article 280e, paragraph 1, the formula:

for: ‘$$\mathrm{AddOn}^{\mathrm{Com}} = \sum_i \mathrm{AddOn}_j^{\mathrm{Com}}$$’,

read: ‘$$\mathrm{AddOn}^{\mathrm{Com}} = \sum_j \mathrm{AddOn}_j^{\mathrm{Com}}$$’.

(20) On page 78, new Article 280e, paragraph 4, the formula:

for: ‘$$\mathrm{AddOn}_j^{\mathrm{Com}} = \epsilon_j \sqrt{\left(\rho^{\mathrm{Com}} \cdot \sum_k \mathrm{AddOn}\left(\mathrm{Type}_k^j\right)\right)^2 + (1 - (\rho^{\mathrm{Com}})^2) \cdot \sum_k \mathrm{AddOn}\left(\mathrm{Type}_k^j\right))^2}$$’,

read: ‘$$\mathrm{AddOn}_j^{\mathrm{Com}} = \epsilon_j \sqrt{\left(\rho^{\mathrm{Com}} \cdot \sum_k \mathrm{AddOn}\left(\mathrm{Type}_k^j\right)\right)^2 + (1 - (\rho^{\mathrm{Com}})^2) \cdot \sum_k \left(\mathrm{AddOn}\left(\mathrm{Type}_k^j\right)\right)^2}$$’.

(21) On page 78, new Article 280e, paragraph 5, definitions :

for:

‘$\mathbf{SF_k^{Com}}$ = the supervisory factor applicable to the commodity reference type k;
where the commodity reference type k corresponds to transactions allocated to the hedging set referred to in point (e)(i) of Article 277a(1), excluding transactions concerning electricity, $\mathbf{SF_k^{Com} = 18\,\%}$; for transactions concerning electricity, $\mathbf{SF_k^{Com}}$ = 40 %;’,

read:

‘$\mathbf{SF_k^{Com}}$ = the supervisory factor applicable to the commodity reference type k;
where the commodity reference type k corresponds to transactions allocated to the hedging set referred to in point (e) of Article 277a(1), excluding transactions concerning electricity, $\mathbf{SF_k^{Com}}$ = 18 % ; for transactions concerning electricity, $\mathbf{SF_k^{Com}}$= 40 %;’.

(22) On page 89, new Article 325a, paragraph 2, point (c):

for: ‘(c) all positions shall be valued at their market values on that date, except for positions referred to in point (b); where the market value of a position is not available on a given date, institutions shall take a fair value for the position on that date; where the fair value and market value of a position are not available on a given date, institutions shall take the most recent market value or fair value for that position;’,

read: ‘(c) all positions shall be valued at their market values on that date, except for positions referred to in point (b); where the market value of a trading book position is not available on a given date, institutions shall take a fair value for the trading book position on that date; where the fair value and market value of a trading book position are not available on a given date, institutions shall take the most recent market value or fair value for that position;’.

(23) On page 93, new Article 325f, paragraph 8, definitions:

for: ‘$S_b=\Sigma_k WS_k$ for all risk factors in bucket b and $S_c=\Sigma_k WS_k$ in bucket c; where those values for S_b and S_c produce a negative number for the overall sum of $\Sigma_b K_b^2 + \Sigma_b \Sigma_c \neq b\gamma_{bc} S_b S_c$, the institution shall calculate the risk-class specific own funds requirements for delta or vega risk using an alternative specification whereby’,

read: ‘$S_b=\Sigma_k WS_k$ for all risk factors in bucket b and $S_c=\Sigma_k WS_k$ in bucket c; where those values for S_b and S_c produce a negative number for the overall sum of $\Sigma_b K_b^2 + \Sigma_b \Sigma_{c \neq b} \gamma_{bc} S_b S_c$, the institution shall calculate the risk-class specific own funds requirements for delta or vega risk using an alternative specification whereby’.

(24) On page 100, new Article 325r, paragraph 4, definitions:

for:

'V_i (.) = the market value of instrument i as a function of risk factor k; and',

read:

'V_i (.) = the pricing function of instrument i; and'.

(25) On page 100, new Article 325r, paragraph 5, definitions:

for:

'V_i (.) = the market value of instrument i as a function of risk factor k; and',

read:

'V_i (.) = the pricing function of instrument i; and'.

(26) On page 101, new Article 325s, paragraph 1, the formula:

for:

$$‘S_k = \frac{V_i(1{,}01 + vol_k, x, y) - V_i(vol_k, x, y)}{0{,}01}’,$$

read:

$$‘S_k = \frac{V_i(0{,}01 + vol_k, x, y) - V_i(vol_k, x, y)}{0{,}01}’.$$

(27) On page 104, new Article 325w, paragraph 1, definitions:

for:

'$V_{notional}$ = the notional amount of the instrument;

$P\&L_{long}$ = a term which adjusts for gains or losses already accounted for by the institution due to changes in the fair value of the instrument creating the long exposure; gains shall enter the formula with a positive sign and losses with a negative; and

$Adjustment_{long}$ = the amount by which, due to the structure of the derivative instrument, the institution's loss in the event of default would be increased or reduced relative to the full loss on the underlying instrument; increases shall enter the $Adjustment_{long}$ term with a positive sign and decreases with a negative sign.',

read:

'$V_{notional}$ = the notional amount of the instrument from which the exposure arises;

$P\&L_{long}$ = a term which adjusts for gains or losses already accounted for by the institution due to changes in the fair value of the instrument creating the long exposure; gains shall enter into the formula with a positive sign and losses shall enter into the formula with a negative sign; and

$Adjustment_{long}$ = where the instrument from which the exposure arises is a derivative instrument, the amount by which, due to the structure of the derivative instrument, the institution's loss in the event of default would be increased or reduced relative to the full loss on the underlying instrument; increases shall enter into the formula with a positive sign and decreases shall enter into the formula with a negative sign.'.

(28) On page 104, new Article 325w, paragraph 2, definitions:

for:

'$V_{notional}$ = the notional amount of the instrument that shall enter into the formula with a negative sign;

(…)

$Adjustment_{short}$ = the amount by which, due to the structure of the derivative instrument, the institution's gain in the event of default would be increased or reduced relative to the full loss on the underlying instrument; decreases shall enter the $Adjustment_{short}$ term with a positive sign and increases shall enter the $Adjustment_{short}$ term with a negative sign.',

read:

'$V_{notional}$ = the notional amount of the instrument from which the exposure arises that shall enter into the formula with a negative sign;

(…)

$Adjustment_{short}$ = where the instrument from which the exposure arises is a derivative instrument, the amount by which, due to the structure of the derivative instrument, the institution's gain in the event of default would be increased or reduced relative to the full loss on the underlying instrument; decreases shall enter into the formula with a positive sign and increases shall enter into the formula with a negative sign.'.

(29) On page 104, new Article 325w, paragraph 4 :

for:

'4. For the purposes of the calculations set out in paragraphs 1 and 2, notional amounts shall be determined as follows:

(a) in the case of debt instruments, the notional amount is the face value of the debt instrument;

(b) in the case of derivative instruments with debt security underlyings, the notional amount is the notional amount of the derivative instrument.', *read:* ‘4. For the purposes of the calculations set out in paragraphs 1 and 2, notional amounts shall be determined as follows:

(a) in the case of a bond, the notional amount is the face value of the bond;

(b) in the case of a sold put option on a bond, the notional amount is the notional amount of the option; in the case of a bought call option on a bond, the notional amount is 0.’.

(30) On page 104, new Article 325w, paragraph 5:

for: ‘5. For exposures to equity instruments, institutions shall calculate the gross JTD amounts as follows, instead of using the formulas referred to in paragraphs 1 and 2:

$$JTD_{long} = \max \{LGD \cdot V + P\&L_{long} + Adjustment_{long}; 0\}$$

$$JTD_{short} = \min \{LGD \cdot V + P\&L_{short} + Adjustment_{short}; 0\}$$

where:

JTD_{long} =	the gross JTD amount for the long exposure;
JTD_{short} =	the gross JTD amount for the short exposure; and
V =	the fair value of the equity or, in the case of derivative instruments with equity underlyings, the fair value of the equity underlying.’,

read: ‘5. For exposures to equity instruments, institutions shall calculate the gross JTD amounts as follows:

$$JTD_{long} = \max \{LGD \cdot V_{notional} + P\&L_{long} + Adjustment_{long}; 0\}$$

$$JTD_{short} = \min \{LGD \cdot V_{notional} + P\&L_{short} + Adjustment_{short}; 0\}$$

where:

JTD_{long} =	the gross JTD amount for the long exposure;
$V_{notional}$ =	the notional amount of the instrument from which the exposure arises; the notional amount is the fair value of the equity for cash equity instruments; for the JTD_{short} formula, the notional amount of the instrument shall enter into the formula with a negative sign;
$P\&L_{long}$ =	a term which adjusts for gains or losses already accounted for by the institution due to changes in the fair value of the instrument creating the long exposure; gains shall enter into the formula with a positive sign and losses shall enter into the formula with a negative sign;
$Adjustment_{long}$ =	the amount by which, due to the structure of the derivative instrument, the institution’s loss in the event of default would be increased or reduced relative to the full loss on the underlying instrument; increases shall enter into the formula with a positive sign and decreases shall enter into the formula with a negative sign;
JTD_{short} =	the gross JTD amount for the short exposure;
$P\&L_{short}$ =	a term which adjusts for gains or losses already accounted for by the institution due to changes in the fair value of the instrument creating the short exposure; gains shall enter into the formula with a positive sign and losses shall enter into the formula with a negative sign; and

$Adjustment_{short}$ = the amount by which, due to the structure of the derivative instrument, the institution's gain in the event of default would be increased or reduced relative to the full loss on the underlying instrument; decreases shall enter into the formula with a positive sign and increases shall enter into the formula with a negative sign.'.

(31) On page 105, new Article 325w, paragraph 8, first subparagraph, point (a):

for: '(a) how institutions are to calculate JTD amounts for different types of instruments in accordance with this Article;',

read: '(a) how institutions are to determine the components $P\&L_{long}$, $P\&L_{short}$, $Adjustment_{long}$ and $Adjustment_{short}$ when calculating the JTD amounts for different types of instruments in accordance with this Article;'.

(32) On page 109, new Article 325ad, paragraph 4, the formula:

for:

$$\text{‘}DRC_{ACTP}=\max\left\{\sum_{b}\max[DRC_b,0]+0{,}5\ \cdot\ (\min[DRC_b,00]);0\right\}\text{’},$$

read:

$$\text{‘}DRC_{ACTP}=\max\left\{\sum_{b}(\max\{DRC_b,0\}+0{,}5\cdot\min\{DRC_b,0\});0\right\}\text{’}.$$

(33) On page 115, Article 325an, paragraph 1, definitions :

for: '$\rho_{kl}^{(thranche)}$ shall be equal to 1 where …',

read: '$\rho_{kl}^{(tranche)}$ shall be equal to 1 where …'.

(34) On page 121, Article 325ay, paragraph 1, introductory part:

for: '1. Between vega risk sensitivities within the same bucket of the general interest rate risk (GIRR) class, the correlation parameter r_{kl} shall be set as follows:',

read: '1. Between vega risk sensitivities within the same bucket of the general interest rate risk (GIRR) class, the correlation parameter ρ_{kl} shall be set as follows:'.

(35) On page 124, new Article 325bb, paragraph 1, introductory part:

for: '1. Institutions shall calculate the expected shortfall risk measure referred to in point (a) of Article 325ba(1) for any given date "t" and for any given portfolio of trading book positions as follows:', *read:* ‘1. Institutions shall calculate the expected shortfall risk measure referred to in point (a) of Article 325ba(1) for any given date “t” and for any given portfolio of trading book positions and non-trading book positions that are subject to foreign exchange or commodity risk as follows:’.

(36) On page 125, new Article 325bc, paragraph 1, point (c), introductory part:

for: ‘(c) for a given portfolio of trading book positions, institution shall calculate the partial expected shortfall measure at time “t” accordance with the following formula:

$$PES_t = \sqrt{\left(PES_t(T)\right)^2 + \sum_{j \geq 2}\left(PES_t(T,j) \cdot \sqrt{\frac{\left(LH_j - LH_{j-1}\right)}{10}}\right)}$$ ’,

read: ‘(c) for a given portfolio of trading book positions and non-trading book positions that are subject to foreign exchange or commodity risk, institutions shall calculate the partial expected shortfall measure at time “t” in accordance with the following formula:

$$PES_t = \sqrt{\left(PES_t(T)\right)^2 + \sum_{j \geq 2}\left(PES_t(T,j) \cdot \sqrt{\frac{\left(LH_j - LH_{j-1}\right)}{10}}\right)^2}$$ ’.

(37) On page 127, new Article 325bd, paragraph 4, introductory part:

for: ‘4. For the purpose of calculating the partial expected shortfall measures in accordance with point (c) of Article 325bc(1), the effective liquidity horizon of a given modellable risk factor of a given trading book position shall be calculated as follows:’,

read: ‘4. For the purpose of calculating the partial expected shortfall measures in accordance with point (c) of Article 325bc(1), the effective liquidity horizon of a given modellable risk factor of a given trading book position or a non-trading book position that is subject to foreign exchange or commodity risk shall be calculated as follows:’.

(38) On page 148, replaced Article 411, point (4):

for: ‘(4) “deposit broker” means a natural person or an undertaking that places deposits from third parties, including retail deposits and corporate deposits but excluding deposits from financial institutions, with credit institutions in exchange of a fee;’,

read: ‘(4) “deposit broker” means a natural person or an undertaking that places deposits from third parties, including retail deposits and corporate deposits but excluding deposits from financial customers, with credit institutions in exchange of a fee;’.

(39) On page 158, new Article 428k, paragraph 3, introductory part:

for: ‘3. The following liabilities shall be subject to a 0 % available stable funding factor:’, *read:* ‘3. The following liabilities and capital items or instruments shall be subject to a 0 % available stable funding factor:’.

(40) On page 159, new Article 428l, introductory part:

for: ‘The following liabilities shall be subject to a 50 % available stable funding factor:’,

read: ‘The following liabilities and capital items or instruments shall be subject to a 50 % available stable funding factor:’.

(41) On page 159, new Article 428l, point (d) :

for: ‘(d) any other liabilities with a residual maturity of a minimum of six months but less than one year not referred to in Articles 428m, 428n and 428o.’,

read: ‘(d) any other liabilities and capital items or instruments with a residual maturity of a minimum of six months but less than one year not referred to in Articles 428m, 428n and 428o.’.

(42) On page 169, new Article 428al, paragraph 3, introductory part:

for: ‘3. The following liabilities shall be subject to a 0 % available stable funding factor:’,

read: ‘3. The following liabilities, and capital items or instruments shall be subject to a 0 % available stable funding factor:’.

(43) On page 169, new Article 428am, introductory part:

for: ‘The following liabilities shall be subject to a 50 % available stable funding factor:’,

read: ‘The following liabilities and capital items or instruments shall be subject to a 50 % available stable funding factor:’.

(44) On page 169, new Article 428am, point (b):

for: ‘(b) liabilities with a residual maturity of less than one year provided by:’,

read: ‘(b) liabilities and capital items or instruments with a residual maturity of less than one year provided by:’.

(45) On page 175, replaced Article 429, paragraph 5, first subparagraph, point (a):

for: ‘(a) a derivative instrument that is considered an off-balance-sheet item in accordance with point (d) of paragraph 4 but is treated as a derivative in accordance with the applicable accounting framework, shall be subject to the treatment set out in that point;’,

read: ‘(a) an off-balance-sheet item in accordance with point (d) of paragraph 4 that is treated as a derivative in accordance with the applicable accounting framework shall be subject to the treatment set out in point (b) of that paragraph;’.

(46) On page 176, new Article 429a, paragraph 1, first subparagraph, point (d):

for: ‘(d) where the institution is a public development credit institution, the exposures arising from assets that constitute claims on central governments, regional governments, local authorities or public sector entities in relation to public sector investments and promotional loans;’,

read: ‘(d) where the institution is a public development credit institution, the exposures arising from assets that constitute claims on central governments, regional governments, local authorities or public sector entities in relation to public sector investments, and promotional loans;’.

(47) On page 178, new Article 429a, paragraph 2, third subparagraph:

for: ‘For the purposes of points (d) and (e) of the first subparagraph, and without prejudice to the Union State aid rules and (…)’,

read: ‘For the purposes of points (d) and (e) of paragraph 1, and without prejudice to the Union State aid rules and (…)’.

(48) On page 209, new Article 461a, first paragraph:

for: ‘For the purposes of the reporting requirements set out in Article 430b(1), the Commission is empowered to adopt delegated acts in accordance with Article 462, to amend this Regulation by making technical adjustments to Articles 325e, 325g to 325j, 325p, 325q, 325ae, 325ak, 325am, 325ap to 325at, 325av, 325ax, and specify (…)’,

read: ‘For the purposes of the reporting requirements set out in Article 430b(1), the Commission is empowered to adopt delegated acts in accordance with Article 462, to amend this Regulation by making technical adjustments to Articles 325e, 325g to 325j, 325p, 325q, 325ae, 325ai, 325ak, 325am, 325ap to 325at, 325av, 325ax, and specify (…)’.

(49) On page 209, replaced Article 462:

for: ‘(…)

2. The power to adopt delegated acts referred to in Articles 244(6) and 245(6), in Articles 456 to 460 and in Article 461a shall be conferred on the Commission for an indeterminate period of time from 28 June 2013.

3. The delegation of power referred to in Articles 244(6) and 245(6), in Articles 456 to 460 and in Article 461a may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of the delegated acts already in force.

(…)

6. A delegated act adopted pursuant to Articles 244(6) and 245(6), Articles 456 to 460 and in Article 461a shall enter into force (…)',

read: '(…)

2. The power to adopt delegated acts referred to in Articles 244(6) and 245(6), in Articles 456, 457, 459, 460 and 461a shall be conferred on the Commission for an indeterminate period of time from 28 June 2013.

3. The delegation of power referred to in Articles 244(6) and 245(6), in Articles 456, 457, 459, 460 and 461a may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of the delegated acts already in force.

(…)

6. A delegated act adopted pursuant to Articles 244(6) and 245(6), Articles 456, 457, 459, 460 and 461a shall enter into force (…)'.

(50) On page 210, replaced Article 494, paragraph 1, introductory part:

for: '1. By way of derogation from Article 92a, as from 27 June 2019 until 31 December 2021, institutions identified as resolution entities that are G-SIIs or part of a G-SII shall at all times satisfy the following requirements for own funds and eligible liabilities:',

read: '1. By way of derogation from Article 92a, as from 27 June 2019 until 31 December 2021, institutions identified as resolution entities that are G-SII entities shall at all times satisfy the following requirements for own funds and eligible liabilities:'.

(51) On page 211, new Article 494a, paragraph 2, point (a):

for: '(a) the conditions set out in Article 63(1), except for the condition requiring that the instruments are directly issued by the institution;',

read: '(a) the conditions set out in Article 63, except for the condition requiring that the instruments are directly issued by the institution;'.

(52) On page 211, new Article 494b, paragraph 3 :

for: '3. By way of derogation from point (a) of Article 72a(1), liabilities issued prior to 27 June 2019 shall qualify as eligible liabilities items where they meet (…)', *read:* ‘3. By way of derogation from point (a) of Article 72a(1), liabilities issued prior to 27 June 2019 shall qualify as eligible liabilities instruments where they meet (…)’.

(53) On page 213, replaced Article 500, paragraph 1, first subparagraph, point (c):

for: ‘(c) the cumulative amount of defaulted exposures disposed of since the date of the first disposal in accordance with the plan referred to in point (a) has surpassed 20 % of the cumulative amount of all observed defaults as of the date of the first disposal referred to in points (a) and (b).’,

read: ‘(c) the cumulative amount of defaulted exposures disposed of since the date of the first disposal in accordance with the plan referred to in point (a) has surpassed 20 % of the outstanding amount of all defaulted exposures as of the date of the first disposal referred to in points (a) and (b).’.

(54) On page 213, replaced Article 501, paragraph 1, definitions:

for:

‘E* = the total amount owed to the institution, its subsidiaries, its parent undertakings and other subsidiaries of those parent undertakings, including any exposure in default, but excluding claims or contingent claims secured on residential property collateral, by the SME or the group of connected clients of the SME.’,

read: ‘E* is either of the following:

(a) the total amount owed to the institution, its subsidiaries, its parent undertakings and other subsidiaries of those parent undertakings, including any exposure in default, but excluding claims or contingent claims secured on residential property collateral, by the SME or the group of connected clients of the SME;

(b) where the total amount referred to in point (a) is equal to 0, the amount of claims or contingent claims against the SME or the group of connected clients of the SME that are secured on residential property collateral and that are excluded from the calculation of the total amount referred to in that point.’.

(55) On page 218, Article 510, new paragraph 8:

for: ‘8. By 28 June 2025, the required stable funding factors applied to the transactions referred to in point (g) of Article 428r(1), point (c) of Article 428s(1) and in point (b) of Article 428v, shall be raised (…)’,

read: ‘8. By 28 June 2025, the required stable funding factors applied to the transactions referred to in point (g) of Article 428r(1), point (b) of Article 428s(1) and in point (a) of Article 428v, shall be raised (…)’.