

# Comments

## Consultation on Regulatory Technical Standards on CVA risk of securities financing transactions (EBA/CP/2024/14)

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The **German Banking Industry Committee** is the joint committee operated by the central associations of the German banking industry. These associations are the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR), for the cooperative banks, the Bundesverband deutscher Banken (BdB), for the private commercial banks, the Bundesverband Öffentlicher Banken Deutschlands (VÖB), for the public-sector banks, the Deutscher Sparkassen- und Giroverband (DSGV), for the savings banks finance group, and the Verband deutscher Pfandbriefbanken (vdp), for the Pfandbrief banks.

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## General Comments

In principle, we welcome the draft EBA RTS on CVA of securities financing transactions by Article 382 (6) CRR. It creates legal certainty for institutions when securities financing transactions are considered material and must be subject to capital requirements.

The German Banking Industry Committee is specifically addressing the questions outlined in the EBA consultation paper EBA/CP/2024/14. Our comments on these questions are as follows:

### Overview of questions for consultation

**Question 1.** At which level would you suggest to set the materiality threshold? When providing your answer, please provide any rationale and evidence supporting your proposal.

This requires further analysis. Due to the adjustment of the calculation of CVA risk under CRR III, the analyses can only be estimates. An in-depth analysis based on the regulations under CRR III would require additional effort. According to initial estimates, the selected threshold of 1-5% is set too low, which would result in the CVA risk suddenly being considered material for a large number of institutions and subject to capital requirements. In this case, a phase-in period should be provided.

**Question 2.** Do you have any additional comments on this consultation paper? If yes, please specify and motivate.

The consultation paper does not provide guidance on including collaterals in the assessment of the materiality of SFTs for CVA risk exposures. In our view, they should be included in the materiality assessment, as this would more accurately represent risk exposures.

Institutions that use the alternative method according to Article 385 CRR do not calculate the capital requirements for CVA risk. How are these institutions supposed to prove that the capital requirements from SFTs are not material; there is a lack of assessment basis. An alternative to proving materiality would be necessary here.