

EIOPA: Q&A (sierpień 2020 r.)

Question ID: 2154

- **Question:**

We have a question regards whether S.06.02 C0340 (Credit Quality Step) should be reported for assets where no issue rating is available but notwithstanding the asset has been assigned a CQS for the purposes of the SCR calculation.

For example, say an asset (such as "cash at bank") is included in the counterparty default module. There is no issue rating but there is an issuer rating. The Delegated Acts (and confirmed in Q&A 1180) allow/require that the issuer rating is assigned to the asset for the purposes of the SCR Calculation (in this case the counterparty default module calculations).

We understand that C0320 should be left empty for this case - as the LOG guidance explicitly refers to issue rating and "If an issue rating is not available, the item shall be left blank" - hence as the cash at bank has no issue rating C0320 should be left empty for such cases.

However, C0340 LOG guidance simply refers to "assets": "Identify the credit quality step attributed to the asset" which leads us to conclude that in our example above, the CQS should be reported. Further, Q&A1931 (though answering a slightly different question) states that "Standard Formula users shall report C0340 i.e. it shall be reported for any asset which CQS needs to be attributed for SCR calculation."

We would welcome any clarification EIOPA could provide for this specific case.

- **EIOPA's Answer:**

C0340 should include the CQS attributed to the asset, regardless whether it was derived from the rating of the asset or from the rating of the issuer. When deriving the CQS from an external rating, Art. 5(2) of the Commission Delegated Regulation (EU) 2015/35 has to be considered.