

Commission Delegated Regulation (EU) No 1187/2014 of 2 October
2014 supplementing Regulation (EU) No 575/2013 of the European
Parliament and of the Council as regards regulatory technical standards for
determining the overall exposure to a client or a group of connected clients
in respect of transactions with underlying assets (Text with EEA relevance)

Article 5

Calculation of the exposure value

- 1 The exposure of an institution to an underlying asset of a transaction is the lower of the following:
 - a the exposure value of the exposure arising from the underlying asset;
 - b the total exposure value of the institution's exposures to the underlying asset resulting from all exposures of the institution to the transaction.
- 2 For each exposure of an institution to a transaction, the exposure value of the resulting exposure to an underlying asset shall be determined as follows:
 - a if the exposures of all investors in this transaction rank *pari passu*, the exposure value of the resulting exposure to an underlying asset shall be the pro rata ratio for the institution's exposure to the transaction multiplied by the exposure value of the exposure formed by the underlying asset;
 - b in cases other than those referred to point (a) the exposure value of the resulting exposure to an underlying asset shall be the pro rata ratio for the institution's exposure to the transaction multiplied by the lower of:
 - (i) the exposure value of the exposure formed by the underlying asset;
 - (ii) the total exposure value of the institution's exposure to the transaction together with all other exposures to this transaction that rank *pari passu* with the institution's exposure.
- 3 The pro rata ratio for an institution's exposure to a transaction shall be the exposure value of the institution's exposure divided by the total exposure value of the institution's exposure together with all other exposures to this transaction that rank *pari passu* with the institution's exposure.

Changes to legislation:

Commission Delegated Regulation (EU) No 1187/2014, Article 5 is up to date with all changes known to be in force on or before 07 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.

EUR 2014 No. 1187 may be subject to amendment by EU Exit Instruments made by both the [Prudential Regulation Authority](#) and the [Financial Conduct Authority](#) under powers set out in [The Financial Regulators' Powers \(Technical Standards etc.\) \(Amendment etc.\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1115\)](#), regs. 2, 3, Sch. Pt. 4. These amendments are not currently available on [legislation.gov.uk](#). Details of relevant amending instruments can be found on their website/s.

[View outstanding changes](#)

Changes and effects yet to be applied to :

- Regulation revoked by [2023 c. 29 Sch. 1 Pt. 13](#)

Changes and effects yet to be applied to the whole legislation item and associated provisions

- Pt. 2 revoked by [S.I. 2021/1078 reg. 13\(2\)\(c\)](#) (This amendment not applied to [legislation.gov.uk](#). The affected provision Pt. 2 (PRA) was modified by a non-legislative instrument (Technical Standards (Capital Requirements) (EU Exit) (No.3) Instrument 2019) and is not present in the text of the retained EU legislation on [legislation.gov.uk](#). Details of the non-legislative modifications can be found on the Bank of England's website on the page entitled "The Bank of England's amendments to financial services legislation under the European Union (Withdrawal) Act 2018".)