



2026/1221

11.9.2026

COMMISSION DELEGATED REGULATION (EU) 2026/1221

of 4 June 2026

amending Regulation (EU) No 575/2013 of the European Parliament and of the Council as regards temporary targeted operational relief measures and targeted multipliers for the calculation of an institution's own funds requirements for market risk

(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 461a(2) thereof,

Whereas:

- (1) Regulation (EU) 2019/876 of the European Parliament and of the Council⁽²⁾ amended Regulation (EU) No 575/2013, inter alia, to introduce as a reporting requirement into that Regulation the Fundamental Review of the Trading Book (FRTB) standards, which is a comprehensive set of own funds requirements for market risk exposures developed by the Basel Committee on Banking Supervision (BCBS). Regulation (EU) 2024/1623 of the European Parliament and of the Council⁽³⁾ further amended Regulation (EU) No 575/2013, inter alia, to transform the FRTB standards into binding requirements for the calculation of own funds requirements for market risk.
- (2) Given the highly competitive nature of international trading activities, the FRTB standards were adopted on the premise that their implementation across jurisdictions, both in terms of substance and timelines, would ensure an international level playing field for institutions' trading activities. The monitoring of the implementation of the FRTB standards in other BCBS member jurisdictions, and more specifically in those jurisdictions with many internationally active banks, has pointed to delays and a number of deviations from the international standards, and hence, to a significant risk of distortions to the international level playing field. To address that risk and to gather more information on other jurisdictions' implementation timelines and actual rules, the Commission has twice used the empowerment in Article 461a(2), point (b), of Regulation (EU) No 575/2013 to defer via delegated acts⁽⁴⁾ the application of the FRTB standards for the calculation of own funds requirements for market risk in the Union to 1 January 2027.

⁽¹⁾ OJ L 176, 27.6.2013, p. 1, ELI: <http://data.europa.eu/eli/reg/2013/575/oj>.

⁽²⁾ 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 (OJ L 150, 7.6.2019, p. 1, ELI: <http://data.europa.eu/eli/reg/2019/876/oj>).

⁽³⁾ 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>).

⁽⁴⁾ Commission Delegated Regulation (EU) 2024/2795 of 24 July 2024 amending Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to the date of application of the own funds requirements for market risk (OJ L, 2024/2795, 31.10.2024, ELI: http://data.europa.eu/eli/reg_del/2024/2795/oj) and Commission Delegated Regulation (EU) 2025/1496 of 12 June 2025 amending Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to the date of application of the own funds requirements for market risk (OJ L, 2025/1496, 19.9.2025, ELI: http://data.europa.eu/eli/reg_del/2025/1496/oj).

- (3) In recent months, the monitoring of the implementation of the FRTB standards has shown that while most jurisdictions have indeed progressed with the implementation of those standards, uncertainty remains around the implementation timelines and around the final rules in the jurisdictions that have many internationally active credit institutions. To avoid significant competitive disadvantages for Union credit institutions in their trading activities, the prudential framework for the calculation of the own funds requirements for market risk should be amended temporarily for three years. The targeted amendments should address specific aspects of the prudential framework where deviations in other jurisdictions have been identified or are extremely likely.
- (4) To provide credit institutions with certainty and regulatory stability in respect of the market risk framework that they are required to use for the calculation of their own funds requirements, the duration of the relief measures should be three years, i.e. until 31 December 2029, the maximum period specified in the empowerment in Article 461a(2) of Regulation (EU) No 575/2013.
- (5) In line with the Basel standards, pursuant to Article 325az(2), point (d), of Regulation (EU) No 575/2013, to be granted permission to use the alternative internal model approach (AIMA) for the calculation of their own funds requirements for market risk, credit institutions are required to conduct and successfully pass, on an ongoing basis, the profit and loss attribution test (PLAT) laid down in Article 325bg of that Regulation at the level of each trading desk included in the scope of their AIMA permission. For trading desks that fail the test, credit institutions are to calculate the own funds requirements for market risk under the alternative standardised approach. Recent experience has highlighted difficulties for several trading desks in successfully passing the test, even where the failures may not necessarily be linked to model deficiencies. As a result, other jurisdictions implemented the PLAT, at least temporarily, in a non-binding manner, only as a monitoring tool. To address concerns about the level playing field with those jurisdictions, the Union implementation should also allow banks to calculate the PLAT only for monitoring purposes during the three-year period, and should specify that the PLAT does not have a direct impact on the own funds requirements during that period.
- (6) The FRTB standards lay down clear and stringent requirements for non-modellable risk factors (NMRFs) that were introduced in Union law by means of legislative acts and Commission delegated and implementing acts. Due to a very limited adoption worldwide of market risk internal models so far and significant delays in FRTB implementation by major jurisdictions, the development of data solutions from third-party vendors, which would enable credit institutions to classify a smaller number of their risk factors as NMRFs, remains limited. That leads to a significant impact on own funds requirements, which raises concerns that the contribution of NMRFs to the overall own funds requirements calculated using internal models is larger than originally expected. Overall, institutions have perceived the NMRF framework as a key obstacle in developing internal models for market risk. In light of those considerations, other major jurisdictions have simplified their NMRF framework by allowing more risk factors to be capitalised as modellable, under the expected shortfall measure. To preserve a global level playing field and to make the NMRF framework easier to implement, it is necessary to modify the conditions on the number of verifiable prices observations needed for a risk factor to be considered modellable and hence be capitalised under the expected shortfall calculation.
- (7) In line with the Basel standards, one of the criteria laid down in Article 1(1) and Article 4(2) of Commission Delegated Regulation (EU) 2022/2060⁽⁹⁾ for a risk factor to be modellable is that the institution concerned has identified, over an observation period of 12 months, a certain number of verifiable prices for that risk factor. That requirement is problematic for recently issued instruments, including newly issued bonds, new reference rates or commodities, because it means that during the 12 months following their issuance, the risk factors for those positions might not pass the risk factor eligibility test, regardless of the liquidity of those positions. To alleviate the operational burden on institutions and ensure a level playing field with credit institutions from other jurisdictions, credit institutions should be allowed to prorate the number of real price observations required for modellability purposes for those new risk factors until one year after those new instruments are first traded in the market.

⁽⁹⁾ 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).

- (8) One of the particular requirements for the internal default risk model referred to in Article 325bp of Regulation (EU) No 575/2013 is that a credit institution's estimates of default probabilities are floored at the percentages laid down in paragraph 5, point (a), of that Article. As a consequence, for specific issuers or obligors that do not attract any own funds requirements for default charge under the alternative standardised approach the own funds requirements for default risk under the alternative internal model approach would be higher than under the alternative standardised approach. That is the case, in particular, for highly rated central governments and central banks issuers. Several jurisdictions have deviated from the Basel standards, by allowing banks, under the internal model approach, to treat exposures to those issuers identically to how those exposures would be treated under the alternative standardised approach (i.e. no own funds requirements for default risk). Therefore, to ensure consistency across approaches and to preserve a level playing field with those jurisdictions, credit institutions in the Union should also benefit from a similar measure. That should be achieved by applying a multiplier equal to 0 to the probability of default of issuers/obligors that attract a 0 % risk-weight under the alternative standardised approach, nullifying the relevant capital charge for exposures to those issuers/obligors.
- (9) Credit institutions that have received the approval for using the alternative internal model approach for the calculation of their own funds requirements may find it operationally challenging to carry out daily calculations of the expected shortfall risk measure and of the stress scenario risk measure in accordance with Article 325ba(1) of Regulation (EU) No 575/2013. In particular, daily calculations require computational effort and impose requirements on timeliness of operational and governance processes. Credit institutions should therefore be temporarily allowed to calculate and disclose the values of the regulatory expected shortfall risk measure and stress scenario risk measure on a weekly basis rather than on a daily basis. That would enable Union credit institutions to maintain a level playing field with banks from other jurisdictions that will be required to use the alternative internal model approach only at a later date.
- (10) Article 325bh(1), point (i), and Article 325j of Regulation (EU) No 575/2013 contain specific conditions for the calculation of the own funds requirements for exposures to Collective Investment Undertakings ('CIU'), both under the alternative standardised approach and the alternative internal model approach. To avoid a very conservative treatment, credit institutions must be able to periodically look through all the components of the CIU underlying the exposure and calculate the own funds requirements for the CIU exposure as if they had direct exposures to the CIU components. The banks' ability to carry out the look-through approach is predicated on the availability of the CIU composition data at the look-through date, which has so far proven very challenging because CIU managers, due to confidentiality concerns, have little incentive to provide granular, detailed information on CIU composition. As a result, credit institutions are often unable to use the look-through methodology under either of the approaches and would often have to revert to a conservative treatment. Other major jurisdictions have therefore proposed amendments to the treatment of the CIU exposures under both the FRTB standardised and the internal model approaches. Hence, to avoid distortions to the level playing field and a disproportionate operational burden for using the look-through approach, it is necessary to introduce, in line with other jurisdictions, the flexibility for institutions to conduct a partial look-through and to that end, specify a minimum threshold for that partial look-through, while requiring those institutions to use a more conservative treatment for the CIU part that cannot be looked through. The design of that minimum threshold should be specified in relation to the market value of the exposure to allow for simplicity. Where the market value of the exposure is not appropriate for specific CIU exposures, such as highly leveraged ones, credit institutions should reflect that in their look-through approach to the satisfaction of their competent authorities. A lower frequency of the look-through should also be specified. Moreover, under the alternative internal model approach, credit institutions should be allowed to use alternative methodologies to the look-through, subject to approval from their competent authorities. For CIU exposures subject to vega risk, the look-through approach is complex to implement and is not aligned with the way credit institutions are risk managing those positions, as vega sensitivities are not additive and cannot be decomposed in a straightforward manner. CRR provisions require, however, that credit institutions use the same approach for the calculation of the own funds requirements for market risk for all the risk factors of the same CIU exposure. Therefore, a credit institution that uses for such a CIU position the look-through approach to calculate the capital requirements for its delta risk factor is required to use the look-through approach for the capital requirements for the vega risk factor. To alleviate institutions' operational burden, such credit institutions should be allowed to use an alternative approach to calculate the own funds requirements for the vega risk factor of a CIU exposure, regardless of the approach employed for capitalising other types of risk associated with that exposure.

- (11) The residual risk add-on (RRAO) determines an additional capital requirement for risks that are not already addressed by the other components of the alternative standardised approach. As the RRAO charge is calculated based on an instrument's notional value regardless of its risk, and hedging is recognised only in cases where the hedged and the hedging instrument perfectly match, there could be cases where the own funds requirements for RRAO are misaligned with the actual residual risk at trading desk level. To avoid disproportionate capital requirements for instruments with residual risks that credit institutions might be able to hedge to a large extent in the market, and to preserve the level playing field vis-à-vis other jurisdictions which have implemented or will implement specific measures with regard to the RRAO, it should be laid down that multipliers are to be applied to RRAO capital requirements for instruments that have future realised volatility as an underlying, that are options that can be exercised on a finite number of dates, or that are options on the difference between two constant maturity swap rates denominated in the same currency, where those instruments attract an RRAO charge only for those reasons.
- (12) The default risk own funds requirement under the alternative standardised approach captures the default risk of issuers and obligors of exposures subject to market risk, over a one-year time horizon. Hedges are recognised for exposures to the same issuer or obligor subject to specific conditions, including on maturity mismatches between different positions. Some of those conditions do not allow for the recognition of the economic hedge between an equity derivative and a cash position of the same underlying, which is a risk management approach widely used in practice. To incentivise hedging and ensure alignment with similar measures in other jurisdictions, that type of economic hedging should be recognised in the calculation of the own funds requirements for default risk under the alternative standardised approach.
- (13) Regulation (EU) 2024/1623 introduced in the alternative standardised approach a specific risk weight for exposures to carbon trading under the EU Emissions Trading System (EU ETS), justified by the stability and the limited volatility of the Union's carbon emissions allowance market in recent years and related prices for carbon credits. Subsequent quantitative analysis provided evidence that, in addition to the lower risk weight, a correlation parameter used for the aggregation of the carbon trading exposures should also be set to a different value, that would result in lower own funds requirements for those specific exposures. Furthermore, exchanges between banks and regulators from other jurisdictions, including ongoing consultation processes, suggest that similar measures might be adopted in those jurisdictions' final implementation. It should therefore be laid down that, until 31 December 2029, the correlation parameter is to be amended via a multiplier to an appropriate value, in light of the existing evidence.
- (14) The delay in the implementation of the Basel III rules in jurisdictions with internationally active banks leads to temporary distortions in the level playing field, also as a result of the output floor that became applicable in the Union from 1 January 2025. To mitigate those distortions and ensure a smooth transition, credit institutions should temporarily benefit from a targeted and limited phase-in of the own funds requirements for market risk under the alternative standardised approach. Credit institutions that apply the simplified standardised approach should similarly benefit from the phase-in.
- (15) In line with the Basel standards, Article 325i(1), points (a) and (b), of Regulation (EU) No 575/2013 requires that credit institutions calculate, for positions in indices included in the alternative correlation trading portfolios (ACTP), a single sensitivity to the index and prohibits the decomposition of an ACTP index position into sub constituent risk factors (i.e. single name positions) and the subsequent netting of those risk factors with the same risk factors of the same constituent of single name instruments. Those requirements create a discrepancy between the approach that credit institutions have in place for the risk management of those exposures and the calculation of the own funds requirements, leading to additional operational complexity and an increase in own funds requirements. For those reasons, one major jurisdiction with banks very active in ACTP trading has chosen to allow banks to decompose ACTP index exposures. To preserve the level playing field, credit institutions should temporarily be given the flexibility to apply a decomposition approach and net their sub constituent exposures to the same risk factors.

- (16) The implementation of the FRTB standards introduces more risk sensitive and complex methodologies that may be unnecessary for institutions with small trading activities. That is particularly the case for those small institutions that qualify for the derogation for small trading book business under Article 94 of Regulation (EU) No 575/2013, but exceed the thresholds set out in Article 325a of that Regulation due to foreign exchange risk or commodity risk resulting from non-trading book positions. To avoid disproportionate implementation costs and operational complexity for such Union credit institutions, given that other major jurisdictions either have similar measures in place, or do not apply the market risk own funds requirements to banks with small trading book businesses, Union credit institutions with small trading books should be allowed to use the simplified standardised approach for their non-trading book positions subject to foreign exchange risk and commodity risk.
- (17) Delays in the implementation of the new market risk framework in jurisdictions with internationally active banks mean that those Union credit institutions that have sophisticated trading activities and more complex portfolios would face an unlevel playing field, should the implementation of the Basel III standards be delayed beyond 1 January 2027 or the requirements be implemented in a more flexible manner in other jurisdictions. Monitoring of the implementation of the Basel III standards in other major jurisdictions has demonstrated that it is highly unlikely that major non-Union banks would have to implement the FRTB rules in their home jurisdictions from 1 January 2027. At the same time, to ensure that specific aspects of the new market risk framework, in particular in relation to the alternative internal model approach, are not excessively complex or too conservative, and hence do not lead to unjustified operational complexity or outsized capital requirements, it is necessary to reassess (and potentially recalibrate) those specific aspects. In that context, and to limit potential competitive disadvantages that would have negative impacts on the competitiveness of the Union banking sector in that area and on the financing of the Union economy, credit institutions that are adversely impacted by the implementation of the new market risk rules, after applying the targeted amendments introduced by this Regulation, should be allowed to limit that capital impact for the three-year duration of this Regulation.
- (18) Taken together, the proposed temporary measures should address many – but not all – of the differences in the level-playing field between major jurisdictions. To preserve, during the transition period, a level playing field until major jurisdictions finalise and implement the FRTB standards, credit institutions that are adversely impacted by the FRTB rules should be allowed to limit the impact of those rules on their capital requirements by applying a multiplier lower than or equal to 1 to those capital requirements for the three-year period of this delegated regulation. Given that those credit institutions are affected by the new framework to a different extent, the calibration of the multiplier should be bank specific. Furthermore, as credit institutions would apply the multiplier until 31 December 2029, they should be able to recalibrate the multiplier periodically to a reliable benchmark to account for changes in their portfolios and in market conditions. It is therefore necessary to introduce a multiplier that scales down the impact of the new rules to the level of the previous Basel 2.5 implementation. To enable that precise calibration of the multiplier and avoid excessive operational complexity, including the application of multiple boundary concepts within the same institution and changes to the models used under the Basel 2.5 framework, it is necessary that the multiplier is calculated using the trading/non-trading book boundary under the Basel 2.5 implementation. Credit institutions that are eligible for and are choosing to apply the multiplier from 1 January 2027 should also have the choice to stop using it before the three-year period lapses, but they should not be allowed to resume the use of the multiplier later on. Reporting and disclosure requirements are essential tools to enable supervisory oversight and market discipline. Hence, credit institutions that choose to apply the multiplier should also continue to report and disclose information on their binding own funds requirements in accordance with the Basel 2.5 implementation, using the relevant provisions laid down in the version of the CRR in force on 8 July 2024.
- (19) Regulation (EU) No 575/2013 should therefore be amended accordingly.
- (20) The provisions contained in this Regulation apply without prejudice to banks' obligations under the CRR and the CRD to ensure adequate risk management and data aggregation capabilities. Banks should work with their supervisors to remedy any shortcomings observed in these areas.
- (21) The market risk requirements laid down in Regulation (EU) 2024/1623 will start to apply as of 1 January 2027. To avoid conflicting requirements for institutions, it is therefore necessary to align the date of application of this Regulation with that date. To avoid uncertainty among market participants and public authorities, this Regulation should enter into force on the day following that of its publication in the *Official Journal of the European Union*,

HAS ADOPTED THIS REGULATION:

Article 1

Amendment to Regulation (EU) No 575/2013

In Regulation (EU) No 575/2013, the following Articles 495i to 495v are inserted:

‘Article 495i

Transitional provisions as regards the profit and loss attribution test under the alternative internal model approach for market risk

1. By way of derogation from Article 325az(2), point (d), and until 31 December 2029, institutions may use the alternative internal model approach to calculate their own funds requirements for market risk for trading desks that do not meet the requirements laid down in Article 325bg.
2. For the purposes of paragraph 1, institutions shall consider that, for the trading desks in scope, the theoretical changes in the value of those trading desks' portfolios, based on the institutions' risk measurement models, are close to the hypothetical changes in the value of those trading desks' portfolios, based on the institutions' pricing models.

Article 495j

Transitional operational relief measure on own funds requirements for non-modellable risk factors

1. By way of derogation from Articles 1(1) and Article 4(2) of Commission Delegated Regulation (EU) 2022/2060 (*) and until 31 December 2029, institutions may assess as modellable for the purposes of Article 325be of this Regulation a risk factor for which the institution has identified at least two verifiable prices over the observation periods referred to in Article 1(1) and (2) and Article 4(2) and (3) of Delegated Regulation (EU) 2022/2060.
2. Institutions shall assign to the risk factors referred to in paragraph 1 a liquidity horizon equal to 250 divided by the number of verifiable prices identified in accordance with Delegated Regulation (EU) 2022/2060, rounded to the nearest longer liquidity horizon set out in Table 2 of Article 325bd of this Regulation.

The liquidity horizon assigned in accordance with the first subparagraph shall not be shorter than the liquidity horizon that would be assigned to the risk factor, if the number of verifiable prices was sufficient to assess the risk factor as modellable in accordance with Article 1(1) and (2) and Article 4(2) and (3) of Delegated Regulation (EU) 2022/2060.

3. Institutions shall include in the calculation referred to Article 325bb all those risk factors that are considered modellable pursuant to paragraph 1. Institutions shall include other non-modellable risk factors in the scope of the calculations laid down in Article 325bk.

Article 495k

Transitional provisions on data requirements for the assessment of modellability of new issuances

By way of derogation from Article 1(2) and Article 4 of Delegated Regulation (EU) 2022/2060 and until 31 December 2029, institutions, when assessing the modellability of risk factors in accordance with Article 325be of this Regulation, shall consider that for new risk factors from recently issued or recently created instruments:

- (a) the observation period referred to in Article 1(1) and Article 4 of Delegated Regulation (EU) 2022/2060 begins on the day on which those instruments are issued or traded for the first time in the market;
- (b) the minimum number of verifiable prices which are representative of the risk factor in accordance with that Delegated Regulation are prorated until 12 months after that issuance or after that first trading date.

*Article 495l***Transitional provisions on own funds requirements under the internal default risk model**

By way of derogation from Article 325bp(5), point (a), and until 31 December 2029, institutions shall apply a multiplier equal to 0 to the probability of default estimates used for the calculation of the own funds requirements for default risk under the internal default risk model laid down in Part Three, Title IV, Chapter 1b, Section 3 for all issuers or obligors the exposures to which would attract a 0 % risk weight in the calculation of own funds requirements for default risk under the alternative standardised approach.

*Article 495m***Transitional provisions on the calculation frequency for the alternative internal model approach**

1. Until 31 December 2029, institutions that apply Article 325ba(1) for the calculation of their own funds requirements for market risk may choose to calculate the average values referred to in Article 325ba(1), point (b), over the preceding 12 weeks, instead of over the preceding 60 business days.
2. Until 31 December 2029, institutions that must comply with the disclosure requirements laid down in Article 455(2), points (a) and (b), may choose to disclose the values referred to in that Article for the preceding 12 weeks, instead of over the preceding 60 business days.

*Article 495n***Transitional provisions on own funds requirements for positions in CIUs under the alternative internal model approach**

1. By way of derogation from Article 325bh(1), point (i), and until 31 December 2029, institutions may look through:
 - (a) at least 50 % of all underlying positions of the CIU, measured by market value;
 - (b) the underlying positions of the CIUs on a quarterly basis rather than on a weekly basis.

For the purposes of the first subparagraph, point (a), institutions shall calculate the own funds requirement for market risk for all remaining positions in that CIU using the risk weight set out in Article 325j(1), point (b)(i).

2. When carrying out the look through referred to in paragraph 1, institutions shall be able to monitor risks resulting from significant changes in the composition of the CIUs concerned between two calculation dates.
3. By way of derogation from Article 325bh(1), point (i), an institution may use an alternative modelling approach for the calculation of the own funds requirements for market risk for positions in CIUs under the alternative internal model approach, subject to approval by its competent authority.

*Article 495o***Transitional provisions on own funds requirements for positions in CIUs under the alternative standardised approach**

1. By way of derogation from Article 325j(1), point (a), and until 31 December 2029, institutions may look through:
 - (a) at least 50 % of the underlying positions in those CIUs, measured by market value;
 - (b) the underlying positions of the CIU on a quarterly basis rather than on a monthly basis.

For the purposes of the first subparagraph, point (a), institutions shall calculate the own funds requirement for market risk for all remaining positions in those CIUs using the approach laid down in Article 325j(1), point (b)(i).

2. By way of derogation from Article 325j(1a) and (3), and until 31 December 2029, institutions may consider positions in CIUs as single equity positions with a risk weight of 100 % for the calculation of their own funds requirements for vega risk, regardless of other approaches used for the calculation of their own funds requirements for other risk factors for the same positions.

Article 495p

Transitional provisions on own funds requirements for residual risk add-on under the alternative standardised approach

By way of derogation from Article 325u and until 31 December 2029, institutions shall apply a multiplier equal to 0 to the own funds requirements for residual risks calculated in accordance with that Article for the following instruments:

- (a) instruments that reference future realised volatility as an underlying and that would not attract a residual risk add-on for other reasons;
- (b) instruments that are options that can be exercised on a finite set of predetermined dates and that would not attract a residual risk add-on for other reasons;
- (c) instruments that are options on the difference between two constant maturity swap rates denominated in the same currency and that would not attract a residual risk add-on for other reasons.

Article 495q

Transitional provisions on the calculation of the own funds requirements for default risk under the alternative standardised approach

By way of derogation from Article 325x(4) and until 31 December 2029, institutions may at their discretion assign:

- (a) to cash equity positions that hedge derivative instruments, the same maturity as the maturity of the derivative instruments they hedge;
- (b) a maturity of three months to equity derivative exposures.

Article 495r

Transitional provisions on the calculation of own funds requirements under the alternative standardised approach for instruments subject to EU ETS carbon trading risk

By way of derogation from Article 325at(2) and until 31 December 2029, institutions shall divide by 99,1 % the tenor correlation parameter set out in that Article for the calculation of their own funds requirements for market risk under the alternative standardised approach for instruments subject to EU ETS carbon trading delta commodity risk.

Article 495s

Transitional provisions on the phase-in of the own funds requirements under the alternative standardised approach and simplified standardised approach

- 1. Until 31 December 2029, institutions shall apply a multiplier of 0,9 to the result of the calculation of their own funds requirements for market risk under the sensitivities-based method in accordance with Article 325h(4).
- 2. Until 31 December 2029, institutions shall apply a multiplier of 0,9 to the result of the calculation of their own funds requirements for market risk under the simplified standardised approach referred to in Article 325(2).

Article 495t

Transitional provisions on the treatment of instruments in the ACP portfolio

By way of derogation from Article 325i(1), points (a) and (b), and until 31 December 2029, institutions may choose to also apply the treatment laid down in that Article to positions included in the ACP.

*Article 495u***Transitional provisions on the derogation for small trading book business institutions**

Until 31 December 2029, an institution that is eligible for the treatment set out in Article 94 may apply the approach referred to in Article 325(2) to calculate its own funds requirements for market risk of non-trading book positions that are subject to foreign exchange risk or commodity risk.

*Article 495v***Transitional provisions on the application of a multiplier to own funds requirements for market risk**

1. Until 31 December 2029, an institution may choose to apply a multiplier to its own funds requirements for market risk calculated using the approaches referred to in Article 325(1) and laid out in Articles 325c to 325ay, Articles 325az to 325bp and Articles 326 to 361, where its own funds requirements for market risk, calculated by applying this Regulation in the version in force on 9 July 2024 and taking into account the transitional treatments laid down in Articles 495i to 495t as of 31 March 2027, are higher than its own funds requirements for market risk calculated by applying Part Three, Title IV, of this Regulation in the version in force on 8 July 2024.

2. An institution shall not apply the multiplier in paragraph 1 where it calculates its own funds requirements for market risk by applying only Articles 326 to 361.

3. An institution that chooses to apply the treatment laid down in paragraph 1 shall notify the competent authorities without delay and shall provide evidence of meeting the requirements set out in that paragraph.

4. An institution that applies the treatment laid down in paragraph 1 may cease to apply that treatment at any point in time, provided that it has notified its competent authority. An institution that ceases to apply that treatment shall not apply it again at a later date.

5. An institution that chooses to use the multiplier referred to in paragraph 1 shall calibrate such multiplier every three months as the ratio between its own funds requirements for market risk calculated by applying Part Three, Title IV, of this Regulation in the version in force on 8 July 2024 and its own funds requirements for market risk calculated by applying this Regulation in the version in force on 9 July 2024, taking into account the transitional treatments laid down in Articles 495i to 495t.

6. An institution that applies the multiplier laid down in paragraph 1 shall continue to also report information on the own funds requirements for market risk calculated by applying Part Three, Title IV, of this Regulation in the version in force on 8 July 2024.

7. An institution that applies the multiplier laid down in paragraph 1 shall disclose that it chooses to apply the multiplier. That institution shall continue to also comply with the disclosure requirements of the own funds requirements for market risk set out in Part Eight of this Regulation in the version in force on 8 July 2024.

8. For the determination of its own funds requirements for market risk calculated by applying this Regulation in the version in force on 9 July 2024 in accordance with paragraphs 1 and 5, an institution shall use the requirements for inclusion in the trading book laid down in Article 104 of this Regulation in the version in force on 8 July 2024.

(*) 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).¹

*Article 2***Entry into force and application**

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

It shall apply from 1 January 2027.

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

Done at Brussels, 4 June 2026.

For the Commission
The President
Ursula VON DER LEYEN
