



## EBA publishes final Guidelines for the use of data inputs in the expected shortfall risk measure under the Internal Model Approach

13 July 2021

**The European Banking Authority (EBA) published today its final Guidelines clarifying the requirements that the data inputs used to determine the scenarios of future shocks applied to modellable risk factors should meet. The Guidelines, which are part of the deliverables included in the roadmap for the new market and counterparty credit risk approaches, will be applicable from 1 January 2022.**

Institutions using the alternative Internal Model Approach (IMA) for market risk are required to compute the expected shortfall (ES) risk measure for their modellable risk factors, i.e. for those risk factors for which a sufficient amount of verifiable prices is available. These Guidelines clarify the conditions that the data inputs related to modellable risk factors should meet for their use in the ES calculations.

In particular, the final Guidelines set out criteria in relation to the accuracy, appropriateness, frequency for updating and completeness of the data inputs used by institutions for their modellable risk factors. These criteria aim at ensuring that data inputs are calibrated to historical data reflective of prices observed or quoted in the market, that they capture, where relevant, both general and specific risks, that their update is performed frequently enough and whenever changes in market conditions so require, and that any missing or inconsistent values in those data inputs are properly replaced.

### Legal Basis and background

These Guidelines have been developed according to Article 325bh(3) of Regulation (EU) No 575/2013 (CRR), which mandates the EBA to issue guidelines specifying criteria for the use of data inputs in the risk-measurement model referred to in Article 325bc.

In August 2020, the EBA published a Consultation Paper on which these Guidelines are based. During the consultation period, the EBA received feedback from stakeholders, which led to amendments being introduced to clarify some specific provisions.

#### DOCUMENTS

- [Final Report on Guidelines on criteria for the use of data inputs in the risk-measurement model](#)

#### LINKS

- [Guidelines on criteria for the use of data inputs in the expected shortfall risk measure under the IMA](#)
- [Market, counterparty and CVA risk](#)

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