

Content of question:

Is it possible to look on a receivable of a collective investment undertaking towards a liable entity as an intra-group transaction if the liable entity controls the undertaking and applies the IRB Approach for calculating the capital requirement for credit risk in the investment portfolio and the conditions pursuant to Article 98, 2 of Decree 123/2007 Coll. are also met (the so-called look-through approach)?

Answered by: **Jitka Svobodová; Helena Sůvová;**
Josef Jílek

Approved by: **Pavel Vacek**

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Piece of law	Decree No. 123/2007 Coll.
Provision	Article 98, 2
Explanation	In case the liable entity applies the so-called "look-through" approach within the IRB Approach to exposures to collective investment undertakings pursuant to Article 98, 2 of the Decree and there exists a receivable of the collective investment undertaking in question towards the liable entity then the liable entity may look on this receivable as an "intra-group transaction" and does not have to consider it in calculating the risk-weighted exposure amounts, on the assumption that the receivable of the collective investment undertaking towards the liable entity is not material in relation to the balance-sheet total of the collective investment undertaking (i.e. not exceeding 1% of the balance-sheet total of the collective investment undertaking). Otherwise the liable entity shall also determine its own risk parameters (e.g. PD, LGD) and calculate the relevant capital requirement for this exposure.