Single Rulebook Q&A

Question ID	2020_5287
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Liquidity risk
Article	412
Paragraph	1
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Delegated Regulation (EU) 2015/61 - DR with regard to liquidity coverage requirement
Article/Paragraph	22(2)(b) and 31a
Date of submission	03/06/2020
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Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	Callable deposits from financial institutions to be included in LCR with the entire outstanding
Question	Are deposits from financial institutions considered callable and should therefore they be included in LCR for their entire outstanding amount, regardless their maturity?
Background on the question	According to Regulation (EU) 2018/1620 amending Delegated Regulation (EU) 2015/61, Article 22(b) is amended by adding the reference to Article 31a, as follows: “the current outstanding amounts of other liabilities that become due, can be called for pay-out by the issuer or by the provider of the funding or entail an expectation by the provider of the funding that the credit institution would repay the liability during the next 30 calendar days determined in accordance with Articles 27, 28 and 31a” According to Article 31a “Credit institutions shall multiply by a 100 % outflow rate any liabilities that become due within 30 calendar days, except for the liabilities referred to in Articles 24 to 31” It is not clear for us if by adding the reference to Article 31a in the Article 22(b), it means that the deposits from financial institutions can be considered callable, therefore they should be included in LCR with the entire outstanding regardless their maturity, and not only the amount maturing within 30 days. Before the amendments introduced by

	Regulation 2018/1620, the deposits from financial institution were included in LCR outflows 100% on the amounts maturing within 30 days, according to Article 31 from Delegated Regulation (EU) 2015/61; while deposits from non financial institutions were included with the entire outstanding regardless their maturity (being considered callable deposits) according to Article 22(b): “the current outstanding amounts of other liabilities that become due, can be called for pay-out by the issuer or by the provider of the funding or entail an expectation by the provider of the funding that the credit institution would repay the liability during the next 30 calendar days determined in accordance with Articles 27, 28 “. On the other hand, Article 31(10) states: “Credit institutions shall multiply by a 100 % outflow rate any liabilities that become due within 30 calendar days, except for the liabilities referred to in Articles 24 to 31”.
Final answer	The amendment of Article 22(2)(b) of Delegated Regulation (EU) 2015/61 through Delegated Regulation (EU) 2018/1620 does not change the treatment of non-operational deposits by financial customers. Specifically, any such deposits that mature or that can be called for pay-out by the issuer or by the provider of the funding within 30 calendar days shall be multiplied by an outflow rate of 100% pursuant to Article 31a of Delegated Regulation (EU) 2015/61 as amended by Delegated Regulation (EU) 2018/1620.
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