



**Single
Rulebook
Q&A**

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Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - Liquidity (LCR, NSFR, AMM)
Article	Article 415
Paragraph	Paragraph 3
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Draft ITS on Supervisory Reporting of Institutions
Article/Paragraph	Annex XXIV –Reporting on Liquidity
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Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	C76 - Updated LCR Calculation tool
Question	The excel formulae in the updated LCR Calculation tool does not appear to be correct
Background on the question	Two of the Formula in Row 060 (L1 excl. EHQCB collateral 30 day inflows) of the updated C76 LCR Calculation template link to cells G106 and G122 of the C73 template (Liquidity Coverage –Outflows) which are of which rows only populated when collateral outflows from secured lending and capital market-driven transactions meets operational requirements (would qualify

with Article 8 of Commission Delegated Regulation (EU) 2015/61 as liquid asset) per LCR reporting instructions. If this collateral does not meet the Article 8 Operational Requirements, such that these rows are not populated, Row 060 in C76 Template has a nil balance as does Row 010 in the C76 Template (Liquidity Buffer) which we do not believe is correct Furthermore, we find the wording used by EBA in the Final Report on Draft Implementing Standards amending Implementing Regulation (EU) No 680/2014 with regard COREP published on 28 May 2019 unclear and would appreciate if the EBA could clarify if meeting operational requirements is still relevant, specifically on page 29, the EBA's analysis to comments received on "Of which " items states: "The ITS on LCR reporting needs to stick to the implementation of the LCR Delegated Regulation. Commission Delegated Regulation (EU) 2018/1620 of 13 July 2018 amending Delegated Regulation (EU) 2015/61 does not require anymore, as is the case now, compliance with the operational requirements for the qualification of the collateral within the different types of HQLA and therefore for the determination of the relevant outflow rate in secured funding transactions" whereas on page 46 it states "should be noted that information on compliance of the collateral involved with the operational requirements is however still relevant and therefore need to be reported separately (as 'of-which'-items) for the purpose of the unwind mechanism under Article 17 of the LCR Delegated Regulation"

EBA answer

For the purpose of calculating the 'excess liquid assets' amount as defined in paragraph 3 of Annex I of Delegated Regulation (EU) 2015/61 (LCR DR) as amended by Commission Delegated Regulation (EU) 2018/1620, Article 17(2) LCR DR requires the calculation of the composition of liquid assets to be made after the unwind of any secured funding, secured lending or collateral swap transactions using liquid assets on at least one leg of the transaction where the transactions mature within 30 calendar days, after deducting any applicable haircuts and provided that, in relation to the relevant collateral, the credit institution complies (where the credit institution has received the collateral) or would comply (where the credit institution has posted the collateral) with the requirements laid down in Article 8 LCR DR. In contrast to the above, pursuant to Articles 28 and 32 LCR DR, for the purpose of calculating the liquidity outflows and liquidity inflows from the above transactions, the outflow and inflow rates are linked to the haircuts on the underlying collateral as provided in the LCR DR irrespective of whether or not, in relation to the relevant collateral, the credit institution complies or would comply with the requirements laid down in Article 8 LCR DR. The above differentiation is fully reflected in Regulation (EU) No 680/2014 as amended by Commission Implementing Regulation (EU) 2020/429 by requiring an additional separate reporting of the above transactions, in the form of 'of-which' items, where, in relation to the relevant collateral, the credit institution complies or would comply with the requirements laid down in Article 8 LCR DR. In that respect, for the purpose of the unwind of collateral flows referred to in Article 17(2) LCR DR, only these 'of-which'

	items need to be taken into consideration. This is also correctly mirrored in the formulae provided in the LCR calculation tool.
Link	https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2020_5290

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