



**Single  
Rulebook  
Q&A**

<b>Question ID</b>	2020_5341
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Large exposures
<b>Article</b>	390
<b>Paragraph</b>	6
<b>Subparagraph</b>	c
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Not applicable
<b>Article/Paragraph</b>	Not applicable
<b>Date of submission</b>	30/06/2020
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<b>Disclose name of institution / entity</b>	No
<b>Type of submitter</b>	Credit institution
<b>Subject matter</b>	Interpreting the definitions of "client activity" and "unexpected" in modern financial services market in the context of CRR
<b>Question</b>	<p>Are “top ups” a “client activity” as defined in Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (herein ‘CRR’)?</p> <p>How “unexpected” should they be interpreted in the modern payments environment?</p>

<p><b>Background on the question</b></p>	<p>Most entities which provide payment accounts only allow deposits to be made to those accounts by inbound bank transfer or cash. However, some modern Banks / EMIs also allow customers to make deposits to their accounts by using a third party issued payment card. To do this, those Banks/EMIs usually use third party acquirers, who acquire payments from third party issued payment cards on its behalf. These are called “top ups” in the modern financial services market. If a user makes such a “top up”, the funds are instantly credited to the Bank/EMI user’s account upon the card transaction being authorised via the third party issuer. However, the funds are not instantly received from the acquirer, and settled later. The deposit in the customer's bank account is created versus the receivable from the acquirer. As the customers’ turnover of top ups increases, the receivable amount on the side of the Bank/EMI also increases, thus increasing exposure against the acquirer. In most cases, the acquirer settles this within one or two business days. However, in some cases, for example, on bank holidays of the acquirer, or if top ups / incoming transfers are made overnight, it may last longer. It is unclear whether such exceptional cases should fall under the CRR Article 390(6)(c) exemption. We believe they should be deemed to be "unexpected".</p>
<p><b>EBA answer</b></p>	<p>Top ups are “client activity” and can be exempted under Article 390(6)(c) CRR as the reason for the top up is a transaction/payment, which stems from activity of the client. It is irrelevant whether the top ups are unexpected. But – as for any other exposure exempted under Article 390(6)(c) CRR – the exposure arising from the top up may not last longer than the following business day. The history of the LE exemptions under the CRR and the CRD shows that there was never the intention to grant an exception for a period longer than a business day.</p>
<p><b>Link</b></p>	<p><a href="https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2020_5341">https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2020_5341</a></p>

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