Single Rulebook Q&A

Question ID	2020_5518
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Liquidity risk
Article	460
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	28
Date of submission	25/09/2020
Published as Final Q&A	11/02/2022
Disclose name of institution / entity	Yes
Name of institution / submitter	European Central Bank
Country of incorporation / residence	Germany
Type of submitter	Competent authority
Subject matter	LCR treatment of maturing securities issued by the reporting credit institution
Question	What is the LCR treatment of maturing securities issued by the reporting credit institution where these securities are treated as deposits for the purpose of accounting?
Background on the question	Questions have arisen on how certain instruments issued by the reporting credit institution that would normally be treated as deposits for the purpose of accounting (e.g., registered bonds and promissory notes) should be classified in the LCR. If these instruments would be treated as deposits also for the purpose of the LCR, the 100% outflow rate as per Article 28(6) of Delegated Regulation (EU) 2015/61 for securities maturing within 30 calendar days might not be applied, resulting in less conservative outflow rates (unless the counterparties were identified as 'financial' type of depositors subject to an outflow rate of 100% as per Article 31a(1) of

	Delegated Regulation (EU) 2015/61 as amended by Delegated Regulation (EU) 2018/1620).
Final answer	Article 28(6) of Delegated Regulation (EU) 2015/61 (LCR DR) prescribes a 100% outflow rate to all notes, bonds and other debt securities issued by the credit institution, maturing within the next 30 days. The only exception stipulated is where these bonds are exclusively sold in the retail market and held in a retail account, in which case those instruments can be treated as the appropriate retail deposit category. The above treatment applies irrespective of the accounting treatment. The LCR DR does not envisage any differentiation in the likelihood of the debt securities to be renewed by the holder due to their accounting treatment.
Link	https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2020_5518

European Banking Authority, 30/11/2022
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