

# Single Rulebook Q&A

<b>Question ID</b>	2021_6093
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Supervisory reporting - Leverage ratio
<b>Article</b>	429e (6)
<b>Paragraph</b>	-
<b>Subparagraph</b>	-
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Regulation (EU) 2021/451 - ITS on supervisory reporting of institutions
<b>Article/Paragraph</b>	.
<b>Date of submission</b>	16/07/2021
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<b>Disclose name of institution / entity</b>	Yes
<b>Name of institution / submitter</b>	Wolters Kluwer
<b>Country of incorporation / residence</b>	Netherlands
<b>Type of submitter</b>	Other
<b>Subject matter</b>	Securities lent under sale accounting
<b>Question</b>	<p>As per ITS, in line with article 429e (6) of CRR2, The value of securities lent in a repurchase transaction that are derecognised due to a sales accounting transaction under the applicable accounting framework are to be reported Row 230 of C47.</p> <p>[1]</p> <p>For such repurchase transactions under sale accounting, cash received part is to be allocated in Row 0190 of C47? So also in C43 and C40 the same rule applies?</p> <p>In 47, Row 010, securities under sale accounting are not to be reported as they are expected in Row 230 of C47.</p> <p>[2]</p>

	<p>The same rules apply to C48 with regard to columns of rows in C47 0010 to 0050, which are to be reported in C48.02 in line with ITS.</p> <p>The validation rule v10094_m expects Row0010  Col0020 &gt;= Row0010 Col0030</p> <p>Is this possible as only reverse repo leg and add-on are expected in Col0020 are to be higher or equal to the value of securities lent under sale accounting are to be reported in Col0030?</p> <p>[3]</p> <p>As per EBA guidelines, where the institution adopts sale accounting of repo, they should reverse such transactions and report in COREP reports including Leverage ratio.</p> <p>It means, except for the change for securities under sale accounting are to be reported in Row 230, while the institution which does not adopt sale accounting are to report own securities under Row0190. Except for this change, add-on and other calculations are same. Please confirm.</p>
<p><b>Background on the question</b></p>	<p>Article 429e (6). Where sale accounting is achieved for a repurchase transaction under the applicable accounting framework, the institution shall reverse all sales-related accounting entries. ITS C47.00, row 230. As there are validation rules for consistency between C47.00 and C43.00, where securities lent in a repurchase transaction are to be reported in C43.00, there is no guidance in C43.00. In C48.02, there is a validation rule (v10094_m) which appears to be not correct.</p>
<p><b>Final answer</b></p>	<p>C 47.00</p> <p>According to Annex XI of the Implementing Technical Standard (EU) 2021/451 the value of securities lent in a repurchase transaction that are derecognized due to sales accounting transactions under the applicable accounting framework have to be reported in {C 47.00, r0230, c0010} to account for the provisions laid down in Art. 429e (6) CRR. Cash received due to an SFT and any security that is provided to a counterparty and retained on the balance sheet shall be reported in {C 47.00, r0190, c0010} in accordance with the underlying reporting instructions for row {r0190} of template {C 47.00}, that is, these positions are not included in any other position in {C 47.00}.</p> <p>C 40.00</p> <p>Regarding the treatment of securities lent in a repurchase transaction that are derecognized due to a sales accounting transaction in template {C 40.00} Annex XI of the Implementing Technical Standard (EU) 2021/451</p>

states for {C 40.00, r0071, c0010} “where sale accounting is achieved for an SFT under the applicable accounting framework, institutions shall reverse all sales-related accounting entries.” Consequently, the value of securities lent in a repurchase transaction that are derecognized due to sales accounting, is to be considered in {C 40.00, r0071, c0010}. In contrast, cash received due to an SFT and any security that is provided to a counterparty and retained on the balance sheet shall be reported in {C 40.00, r0090, c0010} in accordance with the underlying reporting instructions for row {r0090} of template {C 40.00}.

#### C 43.00

With regard to the reporting in template {C 43.00} the leverage ratio exposure value of SFTs shall be reported in {C 43.00, r0040, c0010} or {C 43.00, r0060, c0010} depending on whether the SFT is subject to cross-product netting or not. In line with the related reporting instructions cash received in an SFT transaction shall be reported in {C 43.00, r0070, c0010} if it qualifies as a trading-book item. In the case, that the received cash does not qualify as a trading book item but rather represents a claim in the domestic currency with regard to the institutions central bank in accordance with Art. 114 CRR the received cash shall be reported in row {r0100}. To ensure consistency with the treatment in templates C 40.00 securities lent in a repurchase transaction that are derecognized due to a sales accounting transaction under the applicable accounting shall be reported in {C 43.00, r0040, c0010} or {C 43.00, r0060, c0010} after reversing all sales-related accounting entries in accordance with Art. 429e (6) CRR depending on whether the underlying SFT is subject to cross-product netting or not.

#### C 48.01/ C 48.02

The data reported in {C 48.01, c0010} and {C 48.02, c0020} shall include the mean - respectively daily values - of the of the SFT exposure value net of the exempted CCP leg of client-cleared trade exposures as referred to in rows r0010 and r0050 of template {C 47.00}. According to the instructions for {C 47.00} cash received or any security that is provided to a counterparty via the aforementioned transactions that is retained on the balance sheet and is not reported in any of these data points but in {C 47.00, r0190, c0010}. Hence, it is possible that the value of securities lent under sale accounting which is to be reported in {C 48.01, c0020} and {C 48.02, c0030} exceeds the value reported in {C 48.01, c0010} and {C 48.02, c0020}. The latter includes among others the exposure for SFTs calculated in accordance with point (b) of paragraph (1) and paragraphs (4) and (5) of Article 429b CRR as well as the add-on for SFTs but is not directly related to the securities lent under sale accounting. Validation rule v10094\_m will be

	deactivated.
<b>Link</b>	<a href="https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2021_6093">https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2021_6093</a>

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