



**Single
Rulebook
Q&A**

Question ID	2013_22
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Liquidity risk
Article	412
Paragraph	5
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Not applicable
Article/Paragraph	N/A
Date of submission	03/07/2013
Disclose name of institution / entity	No
Type of submitter	Competent authority
Subject matter	Application of national liquidity requirements prior to binding EU requirements
Question	In 2010 we have introduced the Decision on liquidity risk management, which covers both qualitative and quantitative requirements on liquidity risk management for the credit institutions in the Republic of Croatia. Regarding the quantitative requirements banks have to calculate and report, on monthly basis, to the CNB the minimum liquidity coefficient (MLC). It is similar to the Liquidity Coverage Ratio (LCR), it looks inflow and outflows in one month horizon under stress scenario determined by the supervisor. This minimum liquidity coefficient is calculated by dividing liquidity inflows (including liquid assets) with liquidity outflows and the result has to be equal

	<p>or greater than 1. According to the Article 412 (5) of Regulation (EU) No 575/2013 the Member States may maintain or introduce national provisions in the area of liquidity requirements before binding minimum standards for liquidity coverage requirements are specified and fully introduced in the Union in accordance with Article 460. Therefore we have two questions: 1) Our understanding of Article 412 (5) is that we may maintain our Decision on liquidity risk management until 2018 (or even 2019 - according to article 460(2)) when the LCR is fully introduced in the Union (i.e. LCR = 100%) Is this correct reading? 2) We are not sure how to understand the second part of Article 412 (5) which says: Member states or competent authorities may require domestically authorised institutions, or a subset of those institutions to maintain a liquidity coverage requirement up to 100% until the binding minimum standard is fully introduced at a rate of 100% in accordance with Article 460. Can we keep our minimum liquidity coefficient unchanged, or we have to change it based on phasing-in process from 2015 so that both LCR and our MLC equals 100%, i.e. in 2015 LCR = 60% and MLC = 40%, and so on. Although it will be difficult to calculate due to different formula, haircuts and maybe scope. But on the other hand if we maintain MLC unchanged and introduce LCR (first 60%, 70%...) than our banks will have double requirements. Or this does not have anything to do with national liquidity requirements but with the fact that Member states may introduce LCR at 100% even before 2018?</p>
<p>Background on the question</p>	<p>Not given</p>
<p>EBA answer</p>	<p>1) According to Article 412 (5) of Regulation (EU) No 575/2013, Member States may maintain or introduce national provisions in the area of liquidity requirements until binding minimum standards for liquidity coverage requirements are fully introduced in the Union in accordance with Article 460, which means until 1 January 2018 (or until 1 January 2019 in case the Commission decides to alter the phase-in specified in Article 460 and defer until 2019 the introduction of a 100 % binding minimum standard for the liquidity coverage requirement). Doing so, they shall not circumvent the introduction of the liquidity coverage requirement from 2015 onwards as described in Article 460 of Regulation (EU) No 575/2013.</p> <p>2) The second sentence of Article 412 (5) of Regulation (EU) No 575/2013 does not relate to national liquidity requirements but instead to the liquidity coverage requirement as detailed in the delegated act mentioned in Article 460. Under this provision, Member States may implement this requirement at a higher speed than specified in Article 460 (2).</p> <p>DISCLAIMER:</p> <p>This question goes beyond matters of consistent and effective</p>

	<p>application of the regulatory framework. A Directorate-General of the Commission (Directorate General for Internal Market and Services) has prepared the answer, albeit that only the Court of Justice of the European Union can provide definitive interpretations of EU legislation. This is an unofficial opinion of that Directorate General, which the European Banking Authority publishes on its behalf. The answers are not binding on the European Commission as an institution. You should be aware that the European Commission could adopt a position different from the one expressed in such Q&As, for instance in infringement proceedings or after a detailed examination of a specific case or on the basis of any new legal or factual elements that may have been brought to its attention.</p>
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