

Single Rulebook Q&A

Question ID	2013_188
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - Leverage ratio
Article	Article 429
Paragraph	9
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Regulation (EU) No 680/2014 - ITS on supervisory reporting of institutions (as amended)
Article/Paragraph	ANNEX XI REPORTING ON LEVERAGE
Date of submission	28/08/2013
Published as Final Q&A	14/02/2014
Disclose name of institution / entity	No
Type of submitter	Consultancy firm
Subject matter	Leverage Ratio: C45.00 (LRCalc) r010: SFTs exposure according to CRR 220
Question	The exposure for repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions should be calculated in accordance with Article 220 (1) to (3). Should the volatility adjustments be taken into account for the determination of the leverage ratio exposure value of exposures subject to Article 220?
Background on the question	BCBS guidelines on leverage ratio explicitly mention that for the scope of the leverage ratio no haircut shall apply.
EBA answer	<p>BCBS rules text on the leverage ratio are neither applicable to the Regulation (EU) No 575/2013 (CRR) nor to the Regulation (EU) No 680/2014 <u>13 ITS on supervisory reporting of institutions</u> an ITS adopted by the European Commission. The CRR leverage exposure for SFTs is indeed not fully calculated the same way as provided by the Basel 3 rules text of December 2010. Note that on 12 January 2014, the Basel rules text on the Leverage Ratio was modified, which might lead to other discrepancies.</p> <p>Article 220 (1) to (3) of the CRR encompasses the volatility adjustments so they should be taken into account when calculating the exposure for the purpose of the CRR leverage ratio.</p>

	<p>Cash received or any security provided to a counterparty that remain on the balance sheet are included in "Other assets " (C 45.00, r100) because they are "accounting " exposures, therefore they do not need to include volatility adjustments that are calculated for the purpose of a specific credit exposure on SFTs, reported in {C 45.00, r010} or {C 45.00, row 020}.</p> <p><i>*As of 1/8/2014 the content of this answer was modified to reflect the publication of the final ITS on supervisory reporting of institutions in the Official Journal of the European Union. As a result, the references to the ITS were updated and the disclaimer deleted. For reasons of transparency, revisions are highlighted in track changes.</i></p>
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