

<b>Question ID</b>	2013_222
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Liquidity risk
<b>Article</b>	416
<b>Paragraph</b>	2, 3
<b>Subparagraph</b>	-
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Not applicable
<b>Article/Paragraph</b>	-
<b>Date of submission</b>	10/09/2013
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<b>Disclose name of institution / entity</b>	Yes
<b>Name of institution / submitter</b>	ING Bank
<b>Country of incorporation / residence</b>	Netherlands
<b>Type of submitter</b>	Credit institution
<b>Subject matter</b>	Article 416 - Reporting on liquid assets
<b>Question</b>	Can assets issued by credit institutions, investment firms, insurance undertakings, etc. (reference to Article 416(2)) qualify for reporting as liquid assets if these are guaranteed by one of the parties mentioned in article 416(1)(c)?
<b>Background on the question</b>	According to Article 416(1)(c), assets which are guaranteed by parties such as central governments, central banks, etc. shall be reported as liquid assets if they fulfil the conditions. Article 416(2) states that assets shall not be considered liquid assets if issued by credit institutions (unless they fulfil one of the three conditions mentioned), investment firms, insurance undertakings, etc. The question is whether this exclusion from liquid asset reporting is also applicable if these assets are guaranteed by one of the parties which are mentioned in Article 416(1)(c). Article 416(2)(a)(iii) appears to imply that assets issued by credit institutions qualify for liquid

	asset reporting if they are explicitly guaranteed by a government.
<b>EBA answer</b>	<p>Provided the additional requirements of Article 416(3) and Article 417 of Regulation (EU) No 575/2013 (CRR) are met, in addition to the assets reported in accordance with Article 416(2)(a)(i) and (ii), assets that are issued by credit institutions shall be reported as liquid assets if they fulfil one of the following conditions:</p> <p>(i) the credit institution has been set up by a Member State central or regional government and that government has an obligation to protect the economic basis of the institution and maintain its viability throughout its lifetime; or</p> <p>(ii) the asset is explicitly guaranteed by that government (that is central or regional government)... ; or</p> <p>(iii) at least 90% of the loans granted by the institution are directly or indirectly guaranteed by that government and that asset is predominantly used to fund promotional loans granted on a non-competitive, not for profit basis in order to promote that government's public policy objectives.</p> <p>In accordance with Article 416(2)(c), assets issued by an investment firm, insurance undertaking or other entities covered by this provision shall not be considered liquid assets.</p>
<b>Link</b>	<a href="https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_222">https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_222</a>

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