

Question ID	2013_280
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Liquidity risk
Article	416, 417, 509
Paragraph	3, c, 5(c)
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Not applicable
Article/Paragraph	NA
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Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	Assets controlled by a liquidity management function
Question	<p>Would only those assets which are directly controlled by the liquidity management function fall within the definition of liquid asset holdings (subject to meeting the other conditions) under Regulation (EU) No 575/2013 (CRR), or do those assets which are not directly controlled by the liquidity management function also qualify?</p>
Background on the question	<p>The institution's liquidity management function has full access to the unencumbered position of the bank in moments of stress, although the positions might not sit within a Treasury (liquidity management function) department.</p>
EBA answer	<p>Article 417(c) of Regulation (EU) No. 575/2013 (CRR) states that liquid assets, which fulfil the conditions set out in Article 416(3), shall be controlled by a liquidity management function.</p> <p>In order to ensure effective monetisation in case liquidity outflows have to be met through the liquidation of liquid assets, these need to be under the control of a liquidity management function. In this respect larger institutions may have more than one such function. Such a function should have the</p>

	<p>continuous authority, and legal and operational capability, to monetise any asset in the stock in case needed and the proceeds shall be readily available to the function.</p> <p>Further, under Article 509(5)(c) of the CRR, the EBA published a report on the operational requirements for the holdings of liquid assets which concludes in a similar way that assets of extremely high and high liquidity and credit quality do not have to be held in a separate book to fulfil this operational requirement.</p>
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_280

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