

Single Rulebook Q&A

Question ID	2013_378
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - Liquidity (LCR, NSFR, AMM)
Article	415
Paragraph	1
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	N/a
Date of submission	10/10/2013
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Disclose name of institution / entity	Yes
Name of institution / submitter	Association for Financial Markets in Europe
Country of incorporation / residence	Europe
Type of submitter	Industry association
Subject matter	Inclusion of transactions between trade and settlement dates
Question	<p>We would welcome clarification on the reporting of transactions between trade and settlement dates. Firms apply typically a contractual approach which results in inflows and outflows being grossed up and subject to the 75% inflow cap - this means that a liquid asset requirement of 25% applies to trades that settle to a zero position or have a net cash flow of zero. For example, a bank might enter a trade to purchase a \$100m bond from counterparty A, settlement at t+3. The bank also enters into an addition trade to sell the same bond to counterparty B with settlement also occurring at t+3. Both cash flows will occur on day 3 and net to zero and the balance sheet position will also be zero. However, if the inflows and outflows were reported separately then the 75% inflow cap would apply.</p>
Background on the question	Please refer to the background provided in the question above.

Final answer	Each business transaction has to be seen as a single separate transaction within the LCR framework. Therefore a grossing up of in- and outflows is applied, apart from derivatives payables and receivables in application of Article 422.6 of the CRR. Eventually inflows could be subject to the 75% inflow cap. There is no need for a prudential easing in form of a netting provision for a sample of unsettled trades.
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_378

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