

Question ID	2013_486
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Liquidity risk
Article	422, 422, 425
Paragraph	3, 4, 2
Subparagraph	e
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Not applicable
Article/Paragraph	n.a.
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Disclose name of institution / entity	Yes
Name of institution / submitter	Austrian Federal Economic Chamber, Division Bank and Insurance
Country of incorporation / residence	Austria
Type of submitter	Industry association
Subject matter	Cash Inflows with symmetrical weights
Question	<p>In Article 425(2)(e) of Regulation (EU) No 575/2013 (CRR) it states: "Monies due that the institution owing those monies treats in accordance with Article 422(3) and (4), shall be multiplied by a corresponding symmetrical inflow." Does this mean that assets stemming from cash management, clearing and custody services have to be treated with 5% and 25% factors, in case those factors are also applied to the corresponding deposits?</p>
Background on the question	n.a.
Final answer	<p>In accordance with Article 425(2) of Regulation (EU) No. 575/2013 (CRR) liquidity inflows shall be measured over the next 30 days. They are to be reported in full with the exception of specific inflows, as outlined in that paragraph 2, which are to be reported separately. Point (e) of Article 425(2)</p>

specifies that "monies due that the institution owing those monies treats in accordance with Article 422(3) and (4), shall be multiplied by a corresponding symmetrical inflow".

Article 422(3) and (4) provides for liabilities resulting from specific deposits that have to be maintained by depositors that shall be multiplied by 25%. These specific deposits refer to deposits that have to be maintained:

- (a) by the depositor in order to obtain clearing, custody or cash management or other comparable services from the institution;
- (b) in the context of common task sharing within an institutional protection scheme meeting the requirements of Article 113(7) or as a legal or statutory minimum deposit by another entity being a Member of the same institutional protection scheme;
- (c) by the depositor in the context of an established operational relationship other than that mentioned in point (a);
- (d) by the depositor to obtain cash clearing and central credit institution services and where the credit institution belongs to a network in accordance with legal or statutory provisions.

Deposits identified under (a) shall be multiplied by 5% to the extent to which they are covered by a Deposit Guarantee Scheme in accordance with Directive 94/16/EC or an equivalent scheme in a third country.

Pursuant to Article 422(4) CRR "clearing, custody, ~~or~~ cash management or other comparable services as referred to in points (a) and (d) of paragraph 3 ~~shall Article 422(3) of CRR~~ only covers ~~such~~ those services to the extent that ~~they~~ those services are rendered in the context of an established relationship ~~in~~ on which the depositor has substantial dependency.

~~They~~ Those services shall not merely consist ~~in~~ of correspondent banking or prime brokerage services and ~~the institutions~~ shall have evidence that the client is unable to withdraw amounts legally due over a 30 day time horizon without compromising its operational functioning."

In line with Article 425(2)(e) of the CRR, monies due that the institution owing those monies treats in accordance with Article 422(3) and (4), shall be multiplied by a corresponding symmetrical inflow rate, namely 5% or 25%.

In addition to this, Article 32(3) (d) of the Delegated Regulation (EU) 2015/61 indicates that where the corresponding symmetrical rate cannot be established, because the relevant outflow rate cannot be identified, a 5% inflow rate shall be applied.

Deposits from credit institutions placed at central credit institutions that are considered as liquid assets in accordance with Article 416(1)(f) CRR shall not

	be counted as an inflow, to avoid any double counting. Please also see Q&A 135 and 305.
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_486

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