Single Rulebook Q&A

Question ID	2014_732
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - Asset Encumbrance
Article	1
Paragraph	-
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Draft ITS on Supervisory Reporting of Institutions
Article/Paragraph	Asset encumbrance template
Date of submission	14/01/2014
Published as Final Q&A	30/04/2014
Disclose name of institution / entity	No
Type of submitter	Competent authority
Subject matter	Template questions
Question	- Regarding the material currencies in the F 34.00 contingent encumbrance template (Line 7): Should the currencies be specified according to ISO codes (EUR, USD, GBP, etc.) or should the currencies be left unspecified (currency 1, currency 2, etc.)? - Regarding the covered bonds issuance template: what kind of purpose serves the cover pool identifier – should this be some kind of ISIN number for the cover pool? The specifications in the accompanying instructions is a bit vague. Should a bank fill in the aggregate numbers of their outstanding covered bonds in this sheet or should the sheet be duplicated for each covered bond separately?
Background on the question	template clarification
Final answer	**Specification of significant currencies:** Significant currencies, the amount of additional asset encumbrance in reaction to whose depreciation is to be reported in F 34.00 (AE-CONT) columns 030 *et seq.*, are to be specified per the respective significant currency's ISO code in the respective column's header. Specification is required to directly enable supervisory comparisons along the time axis, as well as cross comparisons. The Data Point Model,

Annex XIV of the Draft ITS on supervisory reporting, already envisages a field for each reporting institution to insert the ISO code of each significant currency, even if such a possibility seems not to be explicitly open in the reporting templates.

Cover Pool Identifier: The cover pool identifier is meant to denote the entirety of items (cover pool liabilities, as the case may be, including coverable contingent liabilities in cover pool derivatives, as well as cover assets) to which the respective covered bond regime would apply its protective measures (especially any kind of ring-fencing mechanism effective upon issuer insolvency in order to effect the preferential claim of certain covered bond holders over certain cover assets, cf. answer to question 2013_491).

Accordingly, the cover pool identifier to be chosen for reporting at the issuer's solo level should closely correspond to the typology of the respective covered bond regime; e.g. in case of a German Pfandbrief issuer "Hypothekenpfandbriefe" (mortgage covered bonds according to German Pfandbrief Act) or "Öffentliche Pfandbriefe" (public sector covered bonds according to German Pfandbrief Act), if the issuer has made use of its license accordingly. As far as terminology is concerned it would appear useful to reflect the corresponding terminology of the respective statutory covered bond regime; at the consolidated level, the solo-level cover pool identifier is to be supplemented by a component identifying the covered bond issuer (e.g. "*Bank_A*-Öffentliche Pfandbriefe") and, especially in case of cross-border groups, might benefit from a more general explanatory addition (e.g. "Bank_A-Öffentliche Pfandbrief_*[public_sector_CB]*). As a general rule, identifiers or components thereof should be non-ambiguous and be used consistently.

Individual sets of reporting items in F 35.00 (AE-CB): As mentioned above, the perimeter of the respective covered bond regime's protective measures (especially the ring-fencing mechanism conveying a preferential claim of covered bond holders to a defined group of assets in case of issuer default) delineates the entirety of items that are to be grouped to form one identifiable "cover pool". Take, for example, a German Pfandbrief bank that in accordance with the law has in circulation a variety of mortgage covered bonds (Hypothekenpfandbriefe) – securities with different ISINs as well as registered covered bonds with different counterparties – as well as a variety of public sector covered bonds (Öffentliche Pfandbriefe) – same setting. Since according to the German Pfandbrief Act all creditors (incl. counterparties holding in-the-money derivatives registered to a specific cover pool) of one type of Pfandbrief, like for instance Hypothekenpfandbriefe or Öffentliche Pfandbriefe, would have a preferential claim on all cover assets registered to that type of Pfandbrief's cover pool, the German Pfandbrief bank would have to report one Hypothekenpfandbrief and one Öffentlicher Pfandbrief. Neither were it adequate to aggregate these

	into one single "Pfandbrief", since creditors of the Öffentliche Pfandbrief would not have a preferential claim over the cover assets registered to the Hypothekenpfandbrief-cover pool, and vice versa, nor to report multiple Hypothekenpfandbriefe – e.g. along ISINs – since their respective creditors share into the preferential claim over the same single pool of cover assets registered to that type of Pfandbrief. The reporting of multiple "identified cover pools" thus would have to be effected by reporting F 35.00 separately for differently identified "cover pool" (so-called z-axis à 1x F 35.00 for "Hypothekenpfandbrief" plus 1x F 35.00 for "Öffentlicher Pfandbrief"). DISCLAIMER: The present Q&A on Supervisory reporting is provisional. It will be reviewed after the respective Implementing Regulation is in force and published in the Official Journal, which may differ from the text of the relevant draft to which it relates.
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2014_732

European Banking Authority, 13/08/2022
www.eba.europa.eu