

Single Rulebook Q&A

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Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Leverage ratio
Article	429f
Paragraph	10
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Not applicable
Article/Paragraph	NA
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Disclose name of institution / entity	Yes
Name of institution / submitter	Goethe University Frankfurt
Country of incorporation / residence	Germany
Type of submitter	Other
Subject matter	CCF applicable to ABCP liquidity facilities for Leverage ratio purposes
Question	Where do liquidity facilities, as defined in CRR Chapter 5 "Securitisations", stand among the off-balance sheet items listed in Annex I? What is the CCF that should be applied to them when calculating their exposure value for the purpose of the leverage ratio?
Background on the question	Art 429(10) of the CRR provides that institutions shall determine the exposure value of off-balance sheet items in accordance with Art 111(1) together with Annex I. However, although liquidity facilities are covered specifically in the Securitisation chapter, they do not feature among the off-balance sheet items that appear on Annex I. Under which category should they be grouped?
Final answer	Liquidity facilities belong to the off-balance sheet items listed in point (a) of paragraph 1 of Annex I of Regulation (EU) No. 575/2013 (CRR) and are

	<p>therefore covered by point (d) of Article 429429(10) which applies a conversion factor of 100%.</p> <p>According to Article 242 of the CRR, liquidity facilities have the form of contractual agreements to provide funding to ensure timeliness of cash flows to investors. This is effectively guaranteeing the cash flows from the securitised exposures, including advances on these cash flows. Consequently, this is already a guarantee and not solely an undrawn agreement to provide guarantees. Guarantees for the good payment of credit facilities are explicitly mentioned in point (a) of paragraph 1 of Annex I as an example of guarantees having the character of credit substitutes.</p>
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