

Question ID	2014_792
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Liquidity risk
Article	425
Paragraph	2
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Not applicable
Article/Paragraph	not applicable
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Disclose name of institution / entity	No
Type of submitter	Competent authority
Subject matter	Securities borrowing transactions within the LCR - inflows
Question	How should to treat potential inflows regarding an unsecured securities borrowing transaction as they are not mentioned within Article 425 (2) of Regulation (EU) No 575/2013 (CRR) be treated.
Background on the question	An institution has lent government bonds by way of an unsecured securities borrowing transaction. As the bonds are not available at the reporting date and therefore don't fulfill the restrictions laid down in Art. 417 b) CRR they do not qualify as HQLA. But the bank has the right to terminate the securities borrowing transaction on a daily basis and could get the bonds back within three days.
Final answer	In accordance with Article 425(2) of Regulation (EU) No 575/2013 (CRR), institutions shall report in full only contractual inflows from outstanding exposures that are not past due and for which the institution has no reason to expect non-performance measured over the next 30 days. Thus, securities lent via unsecured securities borrowing transaction can be reported as inflows only if they have been contractually recalled and due within the next 30 days, and only if they are eligible to the stock of liquid assets in accordance with Article 416 of the CRR. These recalled securities shall be

	reported up to their market value net of haircuts prudently valued according to Article 418 of the CRR.
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2014_792

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