

Question ID	2014_835
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - Liquidity (LCR, NSFR, AMM)
Article	425
Paragraph	2
Subparagraph	(c)
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Regulation (EU) No 680/2014 - ITS on supervisory reporting of institutions (as amended)
Article/Paragraph	Annex XII, C.53.00
Date of submission	11/02/2014
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Disclose name of institution / entity	No
Type of submitter	Competent authority
Subject matter	Definition of assets with an undefined maturity date
Question	May CIU shares which do not meet the requirements of article 416, paragraph 6 of the CRR, but that the institution may call and which are contractually repayable at any time within the 30-day time horizon, be considered as assets with an undefined contractual end and taken into account as inflows up to 20% their total amount?
Background on the question	CIU invested in “traditional” assets (i.e. non alternative, private-equity or real-estate CIUs) are usually very liquid, although they might not qualify as liquid assets according to Article 416, paragraph 6 of the CRR. Their shares are usually callable at any time within the 30-day horizon by the shareholders and are usually repaid within 2 days from the exercise of the redemption. They might therefore fulfil the requirements of point (c) of Article 425.2 of the CRR and be taken into account as inflows up to 20% of the liquidation value of each CIU share. However, article 425, paragraph 2 of the CRR generally requires that only contractual inflows from exposures that are not past due and for which the institution has no reason to expect non-performance within the 30-day time horizon are taken into accounts as inflows. This may imply that assets mentioned in point (c) are only fully performing loans and other assets exhibiting similar characteristics.

	<p>Moreover this provision is a departure from the Basel text, which does not allow for contingent inflows to be taken into account, and should then be restricted. Finally a limited amount of shares of CIU invested in liquid assets is already included in the liquid asset buffer in accordance with Article 416, paragraph 6 of the CRR. Moreover, CIU shares are actually equity shares in the corresponding common investment undertaking. Equity shares are already mentioned in point (e) of Article 425.2 and monies that could be taken into account as inflows are limited to those major index equity instruments which are not already reported as liquid assets.</p>
Final answer	<p>CIU shares that do not meet the conditions to be reported as liquid assets or which are above the EUR 500 million threshold in accordance with Article 416(6) of the Regulation (EU) No 575/2013 (CRR) cannot be reported as inflows in row 100 ("assets with an undefined contractual end date that are callable within 30 days") of C 53.00 template, in accordance with Article 425(2)(c) of the CRR, as this ID is intended to include only loans and assets with comparable characteristics with an undefined contractual end date provided that the contract allows the bank to withdraw and request payment within 30 days, to the exclusion of all other assets.</p>
Link	<p>https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2014_835</p>

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