Single Rulebook Q&A

Question ID	2014_897
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Liquidity risk
Article	425
Paragraph	2
Subparagraph	a
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Not applicable
Article/Paragraph	n.a.
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Disclose name of institution / entity	No
Type of submitter	Accounting firm
Subject matter	Inflows - Monies due from non-financial customers
Question	What should be considered as “contractual commitment to extend funding”, is it entire granted off-balance commitment for particular client (e.g. credit card limits) or amount which is contractually going to be transferred to this client over 30 day horizon? Should the cap be calculated on the net basis for all clients on the client-by-client basis?
Background on the question	According to 425(2)(a) monies due from customers that are not financial customers for the purposes of principal payment shall be reduced by 50 % or by the contractual commitments to those customers to extend funding, whichever is higher. This additional cap on inflows may not have a material impact on the liquidity coverage ratio, however its implementation in IT systems may be challenging for some institutions.
Final answer	In accordance with Article 425(2) of Regulation (EU) No. 575/2013 (CRR), liquidity inflows shall be measured over the next 30 days. They shall comprise 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. Liquidity inflows shall be reported in full, with a number of inflows to be reported separately, including inter alia, monies due

	from customers that are not financial customers for the purposes of principal payment as set out in point (a) of paragraph 2. Article 32(3)(a) of the Delegated Regulation (EU) 2015/61 specifies that these inflows, representing principal payments, are to be reduced by 50% of their value unless they stem from customers from trade finance transactions or maturing securities. ~~or by the contractual commitments to those customers to extend funding within the 30 day time horizon, whichever is higher.~~ ~~For the purpose of determining the liquidity inflow rate to be applied to monies due from customers that are not financial in accordance with Article 425(2) of the CRR, institutions~~ Following Article 31a (2) of the Delegated Regulation (EU) 2015/61, institutions should take into account the contractual obligations to extend funds to those customers within the next 30 calendar days which are not taken into account in other outflows categories according to Articles ~~420~~ 24 to ~~424~~ 31 ~~of the CRR~~. If the total of all these contractual commitments to extend funding to those customers are higher than the inflows calculated as the 50% of the monies due for the purposes of principal payment from these customers, ~~a lower inflow rate applies (corresponding to the gross amount of monies due from customers that are not financial less the contractual obligations to extend funds to those customers). Otherwise, an inflow rate of 50% applies~~ the excess shall be subject to a 100% outflow rate. This calculation should be made for all those customers at an aggregated level ~~that not financial~~ (and not on a client-by-client basis).
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2014_897