

Single Rulebook Q&A

Question ID	2016_2679
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Liquidity risk
Article	24, 415
Paragraph	1, 2
Subparagraph	a
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	Definition of “aggregate liabilities” and “total liabilities” in the context of the 5% threshold
Question	Do the terms “aggregated liabilities” and “total liabilities” used in the calculation of the 5% threshold for multi-currency reporting, refer to on-B/S liabilities in accordance with the applicable accounting framework referring to Article 24 CRR only or does it include contingent liabilities booked in the off-B/S as well?
Background on the question	This question aims at clarifying the calculation of “aggregated liabilities” and “total liabilities” that are used to define multi-currency reporting obligations. The off-B/S of banks might contain material (contingent) payment obligations in currencies other than the reporting currency from derivative business, guarantees, trade financing as well as non-monetary liabilities from collateral trading. In particular the funding of assets via currency swaps might imply considerable liquidity risk. However, outflows from off-B/S liabilities might be uncertain and in derivative business - subject to net settlement - the underlying notional might not entail an outflow. Therefore the consideration of off-B/S liabilities in the calculation of “aggregated liabilities” and “total liabilities” would require the definition of selection rules and conversion factors.

<p>Final answer</p>	<p>If a term is not defined in the Regulation, the Q&A instrument cannot be used to provide a formal, legal definition. Non-defined terms must be interpreted according to the general meaning of the terms used, together with other recognised interpretative methods, such as contextual interpretation and by identifying the objective of the concerned provisions.</p> <p>In view of the wording of Article 4(5)(b) of Commission Delegated Regulation (EU) 2015/61, it is clear that the two terms of “aggregate liabilities” and “total liabilities” only refer to on-balance sheet items.</p> <p>Disclaimer:</p> <p>The answers clarify provisions already contained in the applicable legislation. They do not extend in any way the rights and obligations deriving from such legislation nor do they introduce any additional requirements for the concerned operators and competent authorities. The answers are merely intended to assist natural or legal persons, including competent authorities and Union institutions and bodies in clarifying the application or implementation of the relevant legal provisions. Only the Court of Justice of the European Union is competent to authoritatively interpret Union law. The views expressed in the internal Commission Decision cannot prejudice the position that the European Commission might take before the Union and national courts.</p>
<p>Link</p>	<p>https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2016_2679</p>

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