

<b>Question ID</b>	2019_4872
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Liquidity risk
<b>Article</b>	389
<b>Paragraph</b>	-
<b>Subparagraph</b>	-
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Delegated Regulation (EU) 2015/61 - DR with regard to liquidity coverage requirement
<b>Article/Paragraph</b>	23
<b>Date of submission</b>	14/08/2019
<b>Published as Final Q&amp;A</b>	11/02/2022
<b>Disclose name of institution / entity</b>	No
<b>Type of submitter</b>	Credit institution
<b>Subject matter</b>	Unutilised Limits of Guarantess
<b>Question</b>	Are the unutilised limits of guarantees to be included in LCR {C73,r870,c010}?
<b>Background on the question</b>	As per Article 23 LCR DR, 'Contingent outflows due to triggers other than downgrade triggers referred to in Article 30(2) LCR DR are to be included in LCR {C73,r870,c010}.The bank currently has allocated limits to its customers specifying the maximum amount of outstanding guarantess they can have at any given point in time.Do the unutilised limits of guarantees meet the definition specified above implying that they should be included in LCR {C73,r870,c010}?
<b>Final answer</b>	<p>The unused part of a guarantee granted by a bank in the context of import/export transactions should be considered under point h) of Article 23(1) LCR DR as trade finance off-balance sheet related products.</p> <p>Accordingly, credit institutions shall assess the likelihood and potential volume of outflows to compute in the LCR stemming from these products. In any case, even if they are considered material following Article 23(2), their outflow rate should not exceed 5%.</p>

	These transactions should be reported under row 860 of C 73.00 - Outflows of Annex XXIV of the ITS on Supervisory Reporting Regulation (EU) 2021/451”.
<b>Link</b>	<a href="https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2019_4872">https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2019_4872</a>

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