

Question ID	2020_5158
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - Liquidity (LCR, NSFR, AMM)
Article	415
Paragraph	3
Subparagraph	b
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Regulation (EU) 2021/451 - ITS on supervisory reporting of institutions
Article/Paragraph	16b(1)(c)
Date of submission	03/03/2020
Published as Final Q&A	17/02/2023
Disclose name of institution / entity	Yes
Name of institution / submitter	European Central Bank
Country of incorporation / residence	Germany
Type of submitter	Competent authority
Subject matter	Assets which are not immediately available for monetisation in C 66.01
Question	In relation to the reporting of the C 66.01 maturity ladder template, what is the treatment of assets which are generally eligible as counterbalancing capacity but which, from the perspective of the reporting institutions, are not immediately available to cover potential contractual funding gaps?
Background on the question	Even though some assets may generally be eligible for the counterbalancing capacity, the immediate availability may be constrained, e.g., because: tradable assets that are provided as non-mandatory overcollateralization would only be available for use after the release from the collateral pool; or non-tradable assets that are central bank-eligible but not yet included in the central bank collateral pool would only be available for receiving additional central bank funding after the assets have been transferred to the central bank collateral pool. Both of the above-mentioned examples refer to assets that might not be available for immediate monetisation. The question is how

these assets should be reported for the purpose of the C 66.00 maturity ladder template.

Final answer

In accordance with Part I, paragraph 7, of the instructions for completing template C 66.01 (maturity ladder) referred to in Annex XXIII to Regulation (EU) 2021/451 (ITS on Supervisory Reporting), assets should count as initial stock of counterbalancing capacity if, inter alia, the following conditions are met:

- counterbalancing capacity shall represent the stock of unencumbered assets or other funding sources which are legally and practically available to the institution at the reporting date to cover potential contractual gaps (Part I, paragraph 7);
- counterbalancing capacity shall include only unencumbered assets available to the institution to convert into cash at any time to fill contractual gaps between cash inflows and outflows (Part II, Section 3, ID 3, paragraph 4);
- assets shall be reported as initial stock of counterbalancing capacity (under ID 3, column 0010) where they meet the description of a row and are readily available at the reporting date (Part II, Section 3, ID 3, paragraph 7).

Assets which are, according to the institution's or supervisor's assessment, not readily available for monetisation at the reporting date should not be reported as initial stock under Section 3 in template C 66.01. However, institutions may consider an inflow of counterbalancing capacity, to be reported in the relevant row and under the time band (column) which is reflecting the effective availability of the assets to cover potential contractual funding gaps.

With reference to the examples outlined as background on the question, the following should apply:

Non-mandatory overcollateralisation

Even though assets used as "non-mandatory overcollateralisation" could be seen as unencumbered for purposes of liquidity regulation (Article 411(6) of Regulation (EU) No 575/2013), one has to take into consideration the criteria of "ready availability" in the context of the LCR, pursuant to the operational requirements of Regulation (EU) 2015/61 (LCR DR). Article 8(2) LCR DR states that a liquid asset shall be deemed readily accessible where there are no legal or practical impediments to the credit institution's ability to monetise such an asset in a timely fashion.

As a consequence, institutions should provide evidence to the supervisor that assets used for non-mandatory overcollateralisation are available at any time to convert into cash with the procedures and appropriate systems in place to execute monetisation in compliance with operational requirements to be able

	<p>to include the asset in the initial stock of CBC.</p> <p><u>Non-tradable assets that are central bank-eligible but not yet included in the central bank collateral pool</u></p> <p>According to the instructions for completing the template C 66.01, reporting of row 0990, ID 3.7 comprises the carrying amount of non-tradable assets that are eligible collateral for standard liquidity operations of the central bank to which the institution has direct access at its level of consolidation. If central bank eligibility of those non-tradable assets is confirmed (e.g. by credit assessment), non-tradable assets that are central bank-eligible should count as initial stock of counterbalancing capacity, regardless of whether or not the assets are already part of the central bank collateral pool.</p> <p>Following the instructions for completing the template C 66.01 under Section 3, reporting of non-tradable assets that are central bank-eligible is not restricted to assets which are already part of a central bank's collateral pool.</p>
Link	https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2020_5158

European Banking Authority, 29/05/2023
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