



**Single
Rulebook
Q&A**

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Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - Liquidity (LCR, NSFR, AMM)
Article	99
Paragraph	-
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Draft ITS on Supervisory Reporting of Institutions
Article/Paragraph	Annex XII, table 51, row 1.3.1.1-2
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Disclose name of institution / entity	Yes
Name of institution / submitter	Swedish Bankers' Association
Country of incorporation / residence	Sweden
Type of submitter	Industry association
Subject matter	Instruction on reporting of other transferable assets
Question	In annex XII, table template C 51.00, row 1.3.1 (1.3.1.1 and 1.3.1.2) the institutions should report on other transferable assets representing claims on or guaranteed by transferable assets representing claims on or guaranteed by the central government of a Member State, on a region with

	<p>fiscal autonomy to raise and collect taxes, or of a third country in the domestic currency of the central or regional government, if the institution incurs a liquidity risk in that Member State or third country that it covers by holding those liquid assets. The instructions are not fully clear to us and we have the following questions on what to report on the rows 1.3.1.1-2: Is this only valid for "Member State" or is the second phrase "on a region..." an own definition of issuers, and in that case, is municipalities a part of that definition? Is "domestic currency" only referring to "third country" or all other previous issuers defined in the sentence (Member State and perhaps "a region...")? Is "if the institution incurs..." referring to all issuers in the sentence, i.e. it is a general requirement that the assets can only be included here if they cover the incurred liquidity risk? Does this mean that if you have an LCR>100%, in the currency or for the institution, no assets are allowed to be included? Or is there another definition of "liquidity risk...that it covers"? To summarize 1.3.1, we would like to know: - What issuers and guarantors are allowed? - Is there any restrictions on any of these assets, e.g. asset issued in domestic currency? - Is there a cap on any of these assets, e.g. only a portion of the assets may be included in the reporting?</p>
<p>Background on the question</p>	<p>The instructions to row 1.3.1.1-2 in table 51, annex XII are not clear to us and we would ask for clarification.</p>
<p>EBA answer</p>	<p>Please note that templates C 72.00 to C 76.00 of Annex XXIV to Regulation (EU) No 680/2014 (ITS on Supervisory Reporting) and the related reporting instructions in Annex XXV to the ITS on Supervisory Reporting fully replaced templates C 51.00 to C 54.00 of Annex XII to the ITS on Supervisory Reporting and the related reporting instructions in Annex XIII for credit institution subject to the Regulation (EU) 2015/61.</p> <p>Consequently, the answer provided below only applies to investment firms subject to liquidity reporting according to Articles 6(4), 11(3) and 415 of Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/876 (CRR2), unless otherwise specified.</p> <p>The question of what to report in annex XII, table 51, row 040-050 refers to Article 416 (1)(c)(i) in the CRR, which states that institutions shall report as liquid assets 'transferable assets representing claims on or guaranteed by the central government of a Member State, a region with fiscal autonomy to raise and collect taxes, or of a third country in the domestic currency of the central or regional government, if the institution incurs a liquidity risk in that Member State or third country that it covers by holding those liquid assets'.</p> <p>Article 416 (1)(c)(i) is - besides the central government of a Member State or of a third country - valid for a region with fiscal autonomy to raise and collect taxes, i.e. if a municipality is a region, has fiscal autonomy and guarantees or issues transferable assets then these assets could be reported as liquid assets in rows 040-050 in template C.51.00. If this municipality is a non-central government public sector entity that issues or guarantees</p>

	<p>transferable assets in its domestic currency, these assets should be reported in rows 060-070 in template C.51.00 (refer to Article 416.1.c.ii) of the CRR). The term 'domestic currency' refers to all of the previously stated terms, i.e. 'central government of a Member State', 'region' and 'third country'.</p> <p>The term 'if the institution incurs' refers to issuers or guarantors in both Member States and third countries, i.e. an institution should only report as liquid assets in rows 040-050 those transferable assets issued or guaranteed by a Member State, a region with fiscal autonomy or a third country in the domestic currency of the central or regional government, if the institution incurs a liquidity risk (i.e. faces stressed net cash outflows) in that Member State or third country that it covers by holding those liquid assets.</p> <p>The final part of the question refers to whether the institution is only allowed to report liquid assets if they cover 1-to-1 liquidity risk incurred, i.e. if they are not allowed to report an excess coverage. Institutions are indeed not allowed to report excess coverage, they can include this category of transferable assets only if they cover the liquidity risk incurred in that Member State or third country. If the institution has a stressed net cash outflow in a third country that requires a holding of 100 USD of liquid assets and the institution holds the equivalent of 200USD of assets issued by the government of this third country which domestic currency is the US dollar, it may report 100 USD in row 040 provided that those assets meet the requirements of articles 416 and 417, the institution must still ensure that it complies with article 417 (f) on aggregate.</p>
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