

## ✘ Single Rulebook Q&A

<b>Question ID</b>	2020_5154
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/876 (CRR2)
<b>Topic</b>	Supervisory reporting - Liquidity (LCR, NSFR, AMM)
<b>Article</b>	415
<b>Paragraph</b>	3
<b>Subparagraph</b>	b
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Regulation (EU) No 680/2014 - ITS on supervisory reporting of institutions (as amended)
<b>Article/Paragraph</b>	16b(2)
<b>Date of submission</b>	03/03/2020
<b>Published as Final Q&amp;A</b>	04/12/2020
<b>Disclose name of institution / entity</b>	Yes
<b>Name of institution / submitter</b>	European Central Bank
<b>Country of incorporation / residence</b>	Germany
<b>Type of submitter</b>	Competent authority
<b>Subject matter</b>	Reporting of cash flows related to 'forward starting' transactions in the C 66.00 maturity ladder template
<b>Question</b>	What are the exact requirements for the reporting of cash flows related to 'forward starting' transaction (transactions already agreed and valid as of the reporting date, yet producing both start and end cash flows in the future) in C 66.00 maturity ladder template? Would it be possible to report the start leg and end leg of a forward starting transaction in the same row?
<b>Background on the question</b>	With regard to the reporting of cash flows arising from 'forward starting' transactions, we found evidence that institutions do not report these cash flows in a homogeneous manner. As these transactions could be material for some institutions (e.g., forward starting repurchase agreements or committed credit lines where drawing upon such facilities is connected to certain conditions and times), further clarification might be beneficial. Assume, for instance, the example of a forward starting repo which will be

	backed by (currently available) Level 1 securities (Credit Quality Step 1) and which is starting in 10 (calendar) days and maturing in 17 (calendar) days from the reporting date.
<b>EBA answer</b>	<p>According to paragraph 6 of Part I of Annex XXIII of amended Regulation (EU) No 680/2014 “the section of the maturity ladder template entitled ‘Outflows and inflows’ shall cover future contractual cash flows from all on- and off-balance sheet items. Only outflows and inflows pursuant to contracts valid at the reporting date shall be reported”. Therefore, all cash flows arising from ‘forward starting’ transactions must be reported if they arise from contracts valid at the reporting date. In addition, paragraphs 8 and 10 specify that “Cash outflows and inflows in the respective sections ‘outflows’ and ‘inflows’ shall be reported on a gross basis with a positive sign. Amounts due to be paid and received shall be reported respectively in the outflow and inflow sections” and “shall be allocated across the twenty-two time buckets according to their residual maturity”.</p> <p>In the given example of a forward starting repo, the cash value of both legs should be reported separately, differentiating between the initial leg (inflow) and the final leg (outflow) and allocated into the respective time bucket, both with positive signs. This way, the initial leg should be allocated under column 090 of row 430 (under ID 2.1.1.1.2) and the end leg under column 100 of row 100 (under ID 1.2.1.1.2).</p> <p>Regarding the impact on counterbalancing capacity, paragraph 4 determines that “in the column ‘initial stock’, the stock of items at the reporting date shall be reported”, and so, in the given example, Level 1 securities (Credit Quality Step 1) should be reported under column 010 of row 780 (under ID 3.3.1.2) if available at the reporting date. In addition, and following the instructions for rows 730 to 1080 “the ‘Counterbalancing Capacity’ of the maturity ladder shall contain information on the development of an institution’s holdings of assets of varying degrees of liquidity (...)”. Therefore, in the example, mutations in level 1 securities (Credit Quality Step 1) should be reported in the same row under columns 90 and 100 as it changes the institution’s holding of the assets according to their collateral value.</p> <p>Regarding committed facilities, instructions for rows between 1090-1140</p>

	specify that outflows from committed facilities (both liquidity and credit facilities) should be reported under this section. Outflows from these facilities should be reported in the column which is reflecting the earliest possible date for withdrawal.
<b>Link</b>	<a href="https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2020_5154">https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2020_5154</a>

European Banking Authority, 02/03/2021  
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