

## ✘ Single Rulebook Q&A

<b>Question ID</b>	2020_5155
<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>	Netting of cash flows in the C 66.00 maturity ladder template
<b>Question</b>	Can institutions report cash flows on a net basis in the C 66.00 maturity ladder template, in particular where such netting of cash flows is explicitly allowed for the purpose of the calculation of the Liquidity Coverage Ratio (LCR)?
<b>Background on the question</b>	Despite the clear provisions of the instructions for completing the C 66.00 maturity ladder template in relation to the treatment of netting, it has been found that institutions do not interpret these provisions in a consistent manner. For instance, some institutions seem to apply netting in the C 66.00 maturity ladder to the instruments for which netting is explicitly allowed in the (amended) Delegated Regulation (EU) 2015/61 for the purpose of the calculation of the LCR (e.g., FX swaps, derivative transactions subject to a master-netting agreement, and outflows with interdependent inflows in accordance with Article 26 of amended Delegated Regulation (EU) 2015/61).

<b>EBA answer</b>	<p>In accordance with paragraph 8 of Part I of Annex XXIII of amended Regulation (EU) No 680/2014 (ITS on Supervisory Reporting), for the purpose of completing the C 66.00 maturity ladder template in Annex XXII of the same regulation, outflows and inflows in the respective sections shall be reported on a gross basis with a positive sign and amounts due to be paid and received shall be reported respectively in the outflow and inflow sections.</p> <p>On this basis, the regulation generally does not leave flexibility for institutions to consider flows on a net basis, even in case such flows were allowed to be treated on a net basis for the purpose of the calculation of the Liquidity Coverage Ratio (LCR) (e.g., FX swaps, other derivative transactions subject to a master netting agreement, outflows with interdependent inflows pursuant to Article 26 of amended Delegated Regulation (EU) 2015/61).</p> <p>By derogation from the above, for the purpose of determining cash outflows and cash inflows stemming from non-FX-related derivative transactions, institutions should follow the specific instructions for completing the rows 360 (under ID 1.5) and 670 (under ID 2.4) (see also EBA <a href="#">Q&amp;A 3943</a>).</p>
<b>Link</b>	<a href="https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicid/2020_5155">https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicid/2020_5155</a>

European Banking Authority, 25/02/2021  
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