

Question ID	2019_4786
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/876 (CRR2)
Topic	Liquidity risk
Article	416
Paragraph	-
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Delegated Regulation (EU) 2015/61 - DR with regard to liquidity coverage requirement
Article/Paragraph	10(c)(i)
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Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	Treatment of securitisation Class A notes guaranteed by a Member State
Question	<p>Pursuant to specific national decree, an originator of NPLs under a securitisation transaction complying with certain requirements may request the government to guarantee the payments of interest and principal on the senior tranche of asset-backed securities.</p> <p>Where senior noteholders of a securitisation benefit from this unconditional, irrevocable and first-demand guarantee from a Member State, what is the expected treatment in the LCR for securitisation notes with respect to Articles 10 and 13? Do we have to consider that article 13 prevails to any other article when qualifying the eligibility for a securitisation?</p>
Background on the question	Securitisations are not assumed to be part of assets that are not eligible for LCR following general requirements laid down in Article 7(4) as for assets issued by a credit institutions which shall respect specific conditions. Moreover, Article 10(1)(c)(i) of the Delegated Regulation (EU) 2015/61 offers the opportunity to consider "Assets [...] guaranteed by [...] the central government of a Member State" as level 1 assets. Guaranteed

	assets are not referring to any kind of specific assets. Nonetheless, a specific section through the Article 13 is dedicated to securitisations' eligibility.
EBA answer	<p>NPL securitisations explicitly guaranteed by the central government of a Member State can qualify as level 1 liquid assets in the LCR in accordance with Article 10(1)(c)(i) of Delegated Regulation (EU) 2015/61 (LCR DA) subject to compliance with the general and operational requirements as envisaged in Articles 7 and 8 where applicable on exposures guaranteed by the central government of a Member State.</p> <p>For example, securitisations issued by a credit institution or by a securitisation special purpose entity with which the credit institution has close links are not HQLA eligible, following paragraphs 3 and 4 of Article 7 of the LCR DA.</p>
Link	https://eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2019_4786

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