

Question ID	2019_4879
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/876 (CRR2)
Topic	Supervisory reporting - Liquidity (LCR, NSFR, AMM)
Article	99
Paragraph	-
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Regulation (EU) No 680/2014 - ITS on supervisory reporting of institutions (as amended)
Article/Paragraph	Annex 25
Date of submission	22/08/2019
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Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	Collateral swaps with domestic central bank
Question	Should collateral swaps that produce an outflow, where the counterparty is the credit institution's domestic central bank, be subject to 0% outflow rate as per the general remarks?
Background on the question	The general remarks of the updated ITS for LCR reporting ('ITS on Supervisory Reporting amendments with regards to COREP LCR') state that: '2. Collateral swap transactions that mature within the next 30 calendar days shall lead to an outflow if the asset borrowed is subject to a lower haircut under Chapter 2 of Commission Delegated Regulation (EU) 2015/61 than the asset lent... In the case that the counterparty is the credit institution's domestic central bank, the outflow rate to be applied to the market value of the asset borrowed shall be 0%.' The template ('ANNEX XXIV - REPORTING ON LIQUIDITY') C.75, includes non 0% weights in the 'standard weights' column for collateral swap outflows in section 1 ('TOTAL COLLATERAL SWAPS (counterparty is central bank)') For example: C75 Row 0200 – Extremely high quality (Level 1) covered bonds are lent and Level 1 assets (excl. EHQ covered bonds) are borrowed, should result in a 0% outflow under point 2 of the general remarks, but the template

	<p>shows 0.07 (7%) as the standard weight, as if the counterparty were not the central bank. Does the standard weight remain as 7% to account for potential transactions with a different central bank than the firm's domestic central bank? This is not in line with the reporting of similar outflows in C.73 for repos conducted with central banks, where the standard weight is set at 0%. If this is the case, we believe it is better to report non domestic central bank collateral swaps (i.e. non 0% outflow collateral swaps with central banks) in section 2 of C.75 to avoid weighted average outflow rates in section 1.</p>
EBA answer	<p>In accordance with Annex XXV of amended Regulation (EU) No 680/2014, credit institutions will have to distinguish in template C 75.01 between collateral swaps undertaken with central banks (under row 0010 - ID 1 and relevant sub-items) and those undertaken with other counterparties (under row 1370 - ID 2 and relevant sub-items). In the case of collateral swaps undertaken with central banks (row 0010 - ID 1 and relevant sub-items), credit institutions will have to report both, collateral swaps undertaken with their domestic central bank and those undertaken with other central banks, potentially resulting in weighted average outflow rates (to be reported under column 0060) which may differ from the standard weights set out in column 0050 of supervisory reporting template C 75.01. The same 'averaging' approach is to be applied in supervisory reporting template C 73.00 with regard to the reporting of secured funding transactions with central banks.</p>
Link	<p>https://eba.europa.eu/single-rule-book-qa/-/qna/view/publicid/2019_4879</p>

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