



Single Rulebook Q&A

Question ID	2015_2022
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - Asset Encumbrance
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 IV - F32.04 Sources of Encumbrance
Date of submission	27/05/2015
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Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	Reporting of 'Sources of encumbrance' in line with F32.04
Question	<p>As part of the reporting of asset encumbrance, institutions are required to report its 'Sources of encumbrance' within template F32.04. Our question relates to this template, and deals specifically with deposits. One of the sources of asset encumbrance are deposits that are eligible for the Depositor Compensation Scheme (DCS). The instructions of F32.04, for the reporting of deposits (row 040 / 070) state that institutions are to report the "Carrying amount of the collateralized deposits of the reporting institution in so far as these deposits entail asset encumbrance for that institution". Does this imply</p>

	<p>that we are required to report the entire amount of deposits eligible for the DCS? Or up to the amount of assets pledged? As an example, suppose that an institution has €500 million of deposits which are eligible for the DCS. Under the DCS, the institution is required to pledge assets equivalent to an established % of eligible deposits. Suppose that the aggregate amount of assets which the institution is required to pledge is €5 million - consisting of €1.5 million in cash and the remaining in bonds. Given the above example, our question is: are institutions required to report the €500 million as a source of encumbrance in F32.04 column 010, row 070 "collateralized deposits other than repurchase agreements". Or the amount to be reported shall be the €5 million?</p>
Background on the question	<p>This question relates to the EBA final draft implementing technical standards on asset encumbrance reporting under Article 100 of the CRR - specifically the instructions on the reporting on asset encumbrance (Annex IV). One of the templates through which institutions report on asset encumbrance is F32.04 'Sources of encumbrance'. This template is divided into two sections: 'Matching liabilities, contingent liabilities and securities lent' and 'Assets, collateral received and own debt securities'. Under the former section reporting items shall include deposits which are eligible for the Depositor Compensation Scheme (DCS) (column 010, row 070), among others. The amount of assets pledged for this purpose is equivalent to a percentage of the amount of eligible deposits (and not the entire amount of eligible deposits). For the purposes of reporting these deposits as a source of encumbrance under the section 'Matching liabilities, contingent liabilities and securities lent', are we required to include the entire amount of eligible deposits or just the amount equivalent to the amount of pledged assets under the DCS?</p>
EBA answer	<p>The whole amount of deposits must be reported. Literally, Annex XVII concludes, "carrying amount of the collateralised deposits of the reporting institution insofar as these deposits entail asset encumbrance for that institution" must be reported in {F32.04, r040}. If the operation (source of encumbrance) expects a collateralization under 100 %, still the full amount of the operation is the amount of the source of encumbrance.</p> <p>The sources in this case are the deposits eligible for the Depositor Compensation Scheme (500 million €). The institution does not have to collateralize the whole amount of the deposits but the amount of the source of encumbrance is still the amount of deposits eligible for the Depositor Compensation Scheme.</p>
Link	<p>https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2015_2022</p>

