



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

PRA110 reporting template and instructions: Q&As

(Version 7)

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Introduction

The Prudential Regulation Authority ('PRA') consulted on a proposal to amend its rules to introduce a new liquidity reporting template (PRA110) in Consultation Paper (CP) 13/17 'Pillar 2 liquidity'¹ and, after reviewing responses and providing feedback, published the final template and associated reporting instructions in Policy Statement (PS) 2/18 'Pillar 2 liquidity'.² The PRA has received a number of additional questions from firms regarding the template and reporting instructions.

The PRA has decided to publish answers to these questions ('Q&As') periodically, where questions received highlight a need to clarify the reporting instructions or rules.

The material in this document does not constitute new PRA policy. The Q&A process may prompt the PRA to consider whether an amendment should be made to the reporting instructions or rules.

Firms are encouraged to email questions to their PRA supervisor and copy in LiquidityPillar2ReportingProjectQueries@bankofengland.gsi.gov.uk.

Version 7 updates

This Q&A has been updated to include responses or clarifications on questions related to:

- LCR weights (Q&As 3e and 3j); and
- Inflows (Q&As 6a to 6c).

New Q&As and updates to existing ones appear in *italics* and under the PRA110 row/column to which they refer, where possible.

1. Monetisation (rows 7240-7420)

a) Can you provide further clarity around the rationale for the monetisation rows?

Response: The monetisation rows are designed to assess the risk that firms may not be able to monetise sufficient non-cash HQLA rapidly enough, relative to their likely needs in stress. The rows are based on firms' intended (behavioural) monetisation of securities under stress. As set out in paragraph 2.29A of Supervisory Statement (SS) 24/15 'The PRA's approach to supervising liquidity and funding risks',³ the monetisation rows are used for monitoring purposes and will not be included in the granular LCR stress scenario for the purposes of assessing compliance with the guidance outlined in paragraph 3.12 of SS24/15.

b) Can you provide further clarity around the rationale for the row 'Outflows which can be met by posting securities'?

Response: It is recognised that some outflows do not give rise to monetisation risk because they can be met by posting certain unmonetised securities. In performing the monetisation assessment, the amount of liquidity resources available on a given day must be increased by the amount of outflows (including those that are derivatives related) that can be met by posting unmonetised securities.

c) How frequently are firms required to update their modelling assumptions for the monetisation section?

Response: As set out in paragraph 2.29A of SS 24/15, firms should review their monetisation assumptions at least annually (in line with the refresh cycle of their ILAAPs). Firms may wish to consider a more frequent review if, for example, there is a significant change to their market access.

d) Does the monetisation section apply only to securities held in the LCR liquidity buffer or to all securities?

Response: The monetisation section refers only to securities eligible as HQLA under the LCR Delegated Act (DA). Monetisation of other securities could be included as part of a management

¹ July 2017: www.bankofengland.co.uk/prudential-regulation/publication/2016/pillar-2-liquidity.

² February 2018: www.bankofengland.co.uk/prudential-regulation/publication/2016/pillar-2-liquidity.

³ February 2018: www.bankofengland.co.uk/prudential-regulation/publication/2015/the-pras-approach-to-supervising-liquidity-and-funding-risks-ss.

action within a firm's liquidity contingency plan, but should not be included within the monetisation section of PRA110.

- e) Should 'Outflows which can be met by posting securities' be based on contractual or behavioural flows (if the former, there is concern that this would require a contract-by-contract review)?

Response: Firms may treat an outflow as one which can be met by posting securities where the contractual terms of the outflow permit it, and to the extent the firm expects to hold the relevant security on the relevant date. If the information required for this assessment is not readily accessible, it should be assumed that behaviourally firms would meet outflows using cash.

- f) Should the cash raised from maturing reverse repos be the full inflow from the transaction and not be subject to LCR inflow rates?

Response: As set out in paragraph 2.35 of PS 2/18, for the purposes of monetisation analysis, reverse repos of assets held within the liquidity buffer should be assumed to mature contractually, where the firm's monetisation strategy includes contractual maturity of those reverse repos. Accordingly, this analysis should not be subject to LCR inflow rates or rollover assumptions.

- g) Is it correct that the rows within the 'Cumulated Liquidity Resources Post Firm Actions' section are expected to be completed using formulas?

Response: No. The rows within the 'Cumulative Liquidity Resources Post Firm Actions' are a combination of items reported earlier i.e. the sum of rows 7340 to 7360, plus that amount of cash received from contractually maturing reverse repos of assets that form part of the firm's liquidity buffer, and that the firm is assuming will not roll because this is part of a firm's monetisation strategy.

- h) Is monetisation of open reverse repos assumed to occur through the 'Inflows' section (and therefore no further monetisation actions are required)?

Response: For the purposes of monetisation analysis, open reverse repos involving assets held within the liquidity buffer should be assumed to mature contractually on day 1, where the firm's monetisation strategy includes termination of those reverse repos. The cash received should be reflected within the 'Cumulative Liquidity Resources Post Firm Actions' section (see Q&As 1(f) and 1(g)).

- i) What stress scenario assumptions should be applied to the monetisation section (idiosyncratic or market-wide, what period)? Related to this, can you clarify what haircuts should be used in the 'Cash flows from HQLA monetisation actions' rows?

Response: Cash flows should reflect firms' own assessments of haircuts (or sale discounts) and speed of monetisation that would be likely to apply under the combined benchmark stress scenario.

- j) Can you confirm that the set of validations (in XBRL taxonomy v3.0.0) should be row 7240 <= to rows 7390 + 7400 + 7410 (and not 7240 equals the sum of these rows)?

Response: Yes. In practice we would expect the amount reported in row 7240 to be less, as it is unlikely that all unmonetised HQLA will be usable as collateral.

- k) Should the cashflows reported in the 'Monetisation actions' section include any interest receivable?

Response: As set out in paragraph 3 of 'PRA110 instructions'⁴, firms should report in a manner consistent with not double counting inflows. If a firm follows a 'clean pricing' approach (i.e. it does not include accrued interest in the reported value of HQLA) then it may include the interest receivable in the inflows section. If a firm follows a 'dirty pricing' approach (i.e. it includes accrued interest in the reported value of HQLA) it should not include interest receivable in the inflows section (any interest

⁴ February 2018: www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-banking-sector.

due prior to monetisation should then be reflected in the monetisation section). It would be helpful for firms to include the pricing approach followed in their ILAAP.

- l) For reporting monetisation actions relating to overnight repos that are to be rolled for the duration of the stress, would the PRA expect to see an inflow and outflow every day, or only at day 1 when the funding is initially raised?

Response: In this specific case, the cash and securities flows would only be reported in the column corresponding to the initial day of the transaction. On subsequent days the cash outflow (and security inflow) from the maturing overnight repo would be cancelled out by the cash inflow (and security outflow) from the new overnight repo. While the rollover would not be visible within the subsequent columns, firms should take into account the need to rollover short-term repo transactions in their monetisation assessments and reflect this in their ILAAPs, as set out in paragraph 2.29A of SS24/15.

- m) For the monetisation of securities by outright sale (rows 7250-7280), how should the security flows be reported if these securities mature? Should the maturity of the securities be reported in these rows as well as the relevant rows on the counterbalancing capacity section?

Response: For reporting HQLA securities monetised via outright sale (rows 7250-7280), if the security is sold prior to its maturity the sale should be reported as per the instructions for these rows. If a firm's monetisation strategy is to allow its holdings of HQLA securities to mature, it should treat the maturity as equivalent to a sale. The monetisation actions rows are used to provide additional information, therefore any reporting in this section should not change reporting in the rest of the template, including the counterbalancing capacity section.

- n) Please can you confirm if Item 74.1 'Cash' (row 7380) in the 'Cumulative liquidity resources post firm actions' section should also include withdrawable central bank reserves?

Response: The Initial stock (Column 010) for Item 74.1 'Cash' should include the amount of withdrawable reserves at central banks, plus coins and banknotes, to the extent the firm considers these as HQLA, reported in this same column for Item 3.2 and Item 3.1 respectively. Subsequent columns should reflect daily moves in cash as described in the section heading 'Cumulative liquidity resources post firm actions' on a cumulative basis. The PRA intends to clarify this in the reporting instructions in due course.

2. Technical implementation including corrections to template

- a) Is the PRA planning to have an equivalent liquidity metric monitor ('LMM') tool for the PRA110?

Response: Yes. This will be released on the PRA website prior to full implementation of the return.

Update 31 May 2019: The PRA published the PRA110 LMM tool available at:

www.bankofengland.co.uk/prudential-regulation/publication/2013/supervisory-tools-liquidity-tools.

- b) Will the PRA publish a utility to generate XBRL returns from Excel spreadsheets?

Response: The PRA has no plans at present to release such a utility.

- c) Will there be any validations between the PRA110 and C.66 or LCR returns?

Response: No XBRL validations are planned at present between the above returns.

- d) There is a discrepancy between the validations and the Excel template: rows 7250, 7290 and 7330 are greyed out in the template, but have sum validations assigned to them in the taxonomy. Can you clarify?

Response: The validations in the taxonomy are correct. The PRA intends to correct the Excel template to be consistent with the taxonomy in due course.

Update 17 June 2019: The PRA published an updated Excel template with Policy Statement 13/19 available at: www.bankofengland.co.uk/prudential-regulation/publication/2019/pillar-2-liquidity-updates-to-the-framework.

- e) Row 6000's modelling has changed to remove dimensional element TMA:MA(x8). However we noticed that the above dimensional element is still present for this row's modelling in the taxonomy?

Response: The taxonomy and change log are correct. The original problem was row 240 was missing dimensional element MA:(x8). Once this was added to the taxonomy, the element was removed from row 6000 because this row is subordinate to row 240 and therefore the element is inherited.

- f) Columns for days 62 and 63 have references 7460 to 7500, which is inconsistent with the taxonomy version where the codes increase in increments of 10. Can you clarify?

Response: The column references in the taxonomy are correct. The PRA intends to correct the Excel template to be consistent with the taxonomy in due course.

Update 17 June 2019: The PRA published an updated Excel template with Policy Statement 13/19 available at: www.bankofengland.co.uk/prudential-regulation/publication/2019/pillar-2-liquidity-updates-to-the-framework.

- g) Will there be a validation between derivatives rows 7210 and 350/360 (similarly 7220 and 660/670)?

Response: No validations are planned at present between these rows.

- h) Is row 6640 ('of which: to other financial customers') meant to be a component of row 6630 ('of which: to credit institutions not for funding promotional loans), or a distinct component of row 1130 (liquidity facilities)?

Response: Row 6640 in the 'Counterbalancing Capacity' 'Contingencies' section should be reported in line with the reporting instructions, as a distinct component of row 1130, and not as a component of 6630. The PRA intends to correct the Excel template and the taxonomy, as well as item numbering and indentation in the reporting instructions, in due course.

Update 17 June 2019: The PRA published an updated Excel template with Policy Statement 13/19 available at: www.bankofengland.co.uk/prudential-regulation/publication/2019/pillar-2-liquidity-updates-to-the-framework. The taxonomy will be updated in due course.

- i) Where should balances reported in the LCR return C.73 row 540 ('committed credit facilities to regulated institutions other than credit institutions') be reported?

Response: Outflows from committed credit facilities to regulated financial institutions other than credit institutions (corresponding to row 540 in the LCR return C.73) should be reported within row 6550, together with outflows from credit institutions not for funding promotional loans. The PRA intends to correct the Excel template and the taxonomy in due course, to amend the label for row 6550 to read: 'of which: Credit institutions not for funding promotional loans; or regulated financial institutions other than credit institutions'.

Update 17 June 2019: The PRA published an updated Excel template with Policy Statement 13/19 available at: www.bankofengland.co.uk/prudential-regulation/publication/2019/pillar-2-liquidity-updates-to-the-framework. The taxonomy will be updated in due course.

- j) Where should balances reported in the LCR return C.73 row 870 ('other products and services: others') be reported?

Update 13 June 2019: The PRA published updated Excel reporting instructions with Policy Statement 13/19 available at: www.bankofengland.co.uk/prudential-regulation/publication/2019/pillar-2-liquidity-updates-to-the-framework.

Response: Outflows from 'other products and services: others' (corresponding to row 870 in the LCR return C.73 should be reported within row 6660 ('other off-balance sheet and contingent funding obligations'). The PRA intends to correct the reporting instructions in due course, to amend the instructions for row 6660 to read: 'Credit institutions shall report the amount of other off-balance sheet and contingent funding obligations referred to in Article 23(1) of Regulation (EU) 2015/61, and the amount of other products or services referred to in Article 23 (1) of Commission delegated regulation (EU) 2015/61 that are not captured in items 4.60.2 – 4.60.8.'

- k) In the 'Contingencies' section what should be entered into the initial stock column for rows 6800-6870?

Response: The initial stock column for rows 6800-6870 ('outflows due to downgrade triggers', 1-8 notches) may be left blank. The PRA intends to correct the Excel template and the taxonomy to grey out these cells in due course.

Update 17 June 2019: The PRA published an updated Excel template with Policy Statement 13/19 available at: www.bankofengland.co.uk/prudential-regulation/publication/2019/pillar-2-liquidity-updates-to-the-framework. The taxonomy will be updated in due course.

- l) The abbreviation for credit quality step (CQS) has been misspelled in certain rows of the PRA110. Will this be corrected?

Response: 'CQ' rather than the correct abbreviation for credit quality step (CQS) mistakenly appears in the labels for rows 210, 6110, 540, 6390, 890 and 7100 (the labelling for these rows in the instructions are correct). The PRA intends to correct the Excel template and the taxonomy in due course.

Update 17 June 2019: The PRA published an updated Excel template with Policy Statement 13/19 available at: www.bankofengland.co.uk/prudential-regulation/publication/2019/pillar-2-liquidity-updates-to-the-framework. The taxonomy will be updated in due course.

- m) There is a discrepancy between possible monetisation actions and validation rules constraining the sign of values reported in rows 7300 to 7320 and rows 7340 to 7360. If a firm chooses not to roll existing repo transactions then a positive value in rows 7300 to 7320 is possible and consequently a negative value in rows 7340 to 7360. Please clarify.

Response: The PRA acknowledges that this scenario is possible and that the non-blocking validation rules in this instance are not necessary. The PRA intends to update the taxonomy in due course to remove these rules.

3. LCR weights (column 6000)

- a) Can you provide guidance on what to report in the LCR weight column when the rows in PRA110 are not in the LCR template?

Response: When a row in PRA110 does not correspond to any rows in the LCR template, the LCR weight column can be left blank. This applies, for example, to rows 6830-6870, 6970-7000 and 7150-7220. When the PRA publishes the equivalent LMM tool (see Q&A 2(a)), firms will be able to refer to this for an indication of which PRA110 items are involved in the granular LCR stress scenario.

- b) Is there a requirement to populate the LCR weight on total rows or sub-total rows?

Response: An LCR weight on total or sub-total rows is not necessary when an LCR weight has been reported for all relevant subordinate rows. For example, the LCR weight column in sub-total row 010 is not necessary, provided the LCR weight column is reported for subordinate rows 020-050. When the PRA publishes the equivalent LMM tool (see Q&A 2(a)), firms will be able to refer to this for an indication of which PRA110 items are involved in the granular LCR stress scenario.

- c) How often should the blended average LCR weights be calculated (e.g. should they correspond to a particular LCR return or be calculated and rolled on a monthly basis)?

Response: The blended average LCR weights should be calculated for each PRA110 return.

- d) In calculating the LCR weights, should flows that are not captured by the LCR (e.g. forward starting repos that start and mature within 30 days) but that would be captured by PRA110 also be considered?

Response: Flows referring to contracts in place at the time of reporting PRA110 should be included in LCR weight calculations. Forward agreements should therefore be included with appropriate LCR weights. As set out in paragraph 20 of PRA110 instructions, a blended LCR weight reflects the average composition of flows reported in that PRA110 row within a 30-day horizon.

- e) What should be reported in the LCR weight column against the collateral swap lines (rows 7010-7140)?

Updated 3 October 2019: The below approach has been adapted to ensure that net flows better aligned to the LCR are calculated when the market value of the collateral swap legs do not match. This is done by adjusting the collateral swap inflows and outflows using the liquidity value of the separate collateral swap legs (ie 1 plus the LCR weight reported in the methodology below). The additional calculation steps per this updated methodology can be seen at the bottom of the 'LCR & Benchmark weighted' tab in the PRA110-LMM tool (v01.02 onwards).

Response: The LCR weights reported for these rows should be the same as those reported in the secured funding sections for the corresponding level of collateral (e.g. for 'Level 1 excluding covered bonds' (row 7030), the collateral swap flow reported LCR weight should be '0.00'). For row 7010 (a sub-total row) an LCR weight is not required because component LCR weights are included below.

See example below for how the calculation methodology will work in the LMM tool equivalent to be published (see Q&A 2(a)):

Code	ID	Item	LCR weight	Initial stock	Overnight	Greater than overnight up to 2 days
			6000	010	020	Of which: open 6010
7010	60	Collateral swap flows:				
7020	60.1	Level 1 tradable assets			0	
7030	60.1.1	Level 1 excluding covered bonds	0.00		100	
7040	60.1.1.1	Of which: CQS 1	0.00		100	
7050	60.1.2	Level 1 covered bonds (CQS1)	0.07		-100	
7060	60.2	Level 2A tradable assets	0.15			-100
7070	60.3	Level 2B tradable assets				
7080	60.3.1	Level 2B ABS (CQS1)				
7090	60.3.2	Level 2B covered bonds (CQS1-6)				
7100	60.3.3	Level 2B: corporate bonds (CQ1-3)				
7110	60.3.4	Level 2B shares	0.50			100
7120	60.3.5	Level 2B public sector (CQS 3-5)				
7130	60.4	Other tradable assets				
7140	60.5	Other assets				

LCR weights should be reported as positive figures. The calculation methodology will use $-(\text{LCR weight}) \times \text{collateral flow}$, which produces the correct net outcome when both legs are considered.

The example maturing collateral downgrade trade will be treated in the LCR as a net inflow.
 $(-0.00 \times 100) + (-0.07 \times -100) = +7$

The example maturing collateral upgrade trade will be treated in the LCR as a net outflow.
 $(-0.15 \times -100) + (-0.50 \times 100) = -35$

- f) What should be reported in the LCR weight column against the other outflows line (row 370)? Should operating expenses be included the calculation of the weight?

Response: In line with paragraph 20 of PRA110 instructions, a blended LCR weight should be reported for this row. For example, as per LCR DA Articles 28(2) and 31(10) the firms' own operating expenses should receive a 0% weighting, while any other liquidity outflows resulting from liabilities other than those referred to in Articles 23 to 31 should receive a 100% weighting, when calculating the blended weight.

- g) Should the PRA110 'LCR weight' figures (Column 6000) exactly match the equivalent 'Standard Weight' reported in LCR C72-75 templates? For example, for reverse repo involving HQLA L2A collateral (row 310) in the C74 template the 'Standard Weight' (column 070) is 85%, but this weight is applied to the collateral, whereas the equivalent PRA110 row (Row 470) only references the cash flow.

Response: No, they are not necessarily expected to match. PRA110 and C72-75 LCR template 'weights' can be different in certain circumstances. The example described in the question is one instance where a difference is expected, as we explain below.

There are two possible approaches to calculating the weighted flows for reverse repos, both of which produce similar outcomes. Consider the example of a reverse repo which has a cash leg of 100, and a collateral leg of Level 2A (LCR haircut 15%) of market value 105.

- LCR reporting per Regulation (EU) 2015/61 of 10 October 2014 uses the approach: cash leg minus post-haircut value of collateral, where the latter is derived by multiplying the market value of the collateral by the 'Standard Weight' in the C74 template, eg the inflow is calculated as $100 - (105 \times 85\%) = 10.75$ inflow
- The PRA's approach to calculating weighted flows from the PRA110 is: cash leg x weight, eg the inflow is calculated as $100 \times y\%$, where y corresponds to the 'LCR weight' reported in column (Column 6000).
 - To preserve alignment with LCR reporting per Regulation (EU) 2015/61 of 10 October 2014, for reverse repos in the PRA110 firms should report the 'implied inflow rate' on the cash leg in the 'LCR Weight' column, ie. $y = \text{inflow} / \text{cash leg} = 10.75 / 100 = 10.75\%$. This should be floored at 0% for L1A as is the case in the EBA LCR calculation tool.

For information on how the PRA will apply the 'LCR Weights' reported in column 6000, see the PRA110-LMM tool.⁵

- h) Should the maturity ladder be populated on a 'weighted basis', ie after applying the 'LCR Weight' reported in column 6000?

Response: No. The maturity ladder should be completed on an unweighted basis, ie without applying the 'LCR Weight' reported in column 6000. For information on how the PRA will apply the 'LCR Weight' reported in column 6000, see the PRA110-LMM tool.⁶

- i) Should LCR weights reported in the Counterbalancing Capacity section reflect LCR rollover assumptions about securities flows within a 30-day horizon? For example, a blended LCR averaging the liquidity value of the initial stock of HQLA and a 0% weight on HQLA inflows arising from maturing repo transactions within 30-days (because these repos roll over under the LCR and a cash outflow equivalent to the HQLA haircut is recognised separately in the Outflows section of the PRA110).

Response: No. The PRA's intention is that the LCR weights reported for Items 3.1 to 3.8.3 of the Counterbalancing Capacity section should only reflect the liquidity value attributed to the respective asset classes in Regulation (EU) No 2015/61. See for example, the 'Applicable weight' (Column 030) in the LCR C72 template, which relates to assets held (equivalent to PRA110 initial stock column). PRA110 LCR weights for Items 3.1 to 3.8.3 should not reflect LCR assumptions about the liquidity value of different types of contractual flows of these assets within a 30-day horizon (eg repos or reverse repos).

The direction in PRA110 general instruction 20 to consider the average composition of flows reported within a 30-day horizon when determining a blended LCR weight is only intended to apply to PRA110 rows analogous to outflows or inflows recognised in the LCR. This includes the LCR inflows outlined in Item 3.8.4 of the Counterbalancing Capacity section and collateral swaps in Item 60 of the Memorandum Items section of the PRA110 (see Q&A 3(e)).

The PRA intends to clarify this in the reporting instructions in due course. For information on how the PRA will apply the 'LCR Weights' reported in column 6000 in the Counterbalancing Capacity section, see the PRA110-LMM tool.⁷

- j) How should the 'LCR weights' figures (Column 6000) in section 2.1 (Monies due from secured lending and capital market driven transaction) of the PRA110 be reported? Should they reflect blended weights between transactions covering a short and not covering a short?

Response: The PRA110-LMM tool v01.01 logic assumes that the weights reported in section 2.1.60 (rows 3600 to 6440) are zero and that the weights reported in items 2.1.1 to 2.1.5 (rows 390 to 580) are blended to reflect:

- the zero-weighted flows in section 2.1.60; and
- flows of monies due from transactions not covering shorts, or transactions covering shorts where the collateral will become available within 30 days, weighted in accordance with the LCR.

For worked examples of how the PRA expects firms to report reverse repos (and collateral swaps) covering shorts, please see Q&A6(c).

However the PRA recognises reporting on a blended basis (ie including zero-weighted flows from section 2.1.60) introduces additional complexity. In response to feedback the logic in PRA110-LMM tool (v01.02 onwards) now accommodates the above 'blended approach' and an alternative approach described in detail below. In a nutshell, the alternative approach involves calculating the blended

⁵ May 2019: www.bankofengland.co.uk/prudential-regulation/publication/2013/supervisory-tools-liquidity-tools.

⁶ Ibid. footnote 5.

⁷ Ibid. footnote 5.

weight applicable per collateral category to the set of: reverse repurchase agreements which are not covering a short; and reverse repurchase agreements covering shorts where the collateral will become available within 30 days. This blended weight is then reported in both the main reverse repurchase agreement row by collateral category and in the reverse repurchase agreement covering short row by collateral category (the PRA110-LMM tool calculations in v01.02 onwards will override this latter figure to zero).

Reporting example

To demonstrate the different approaches, please consider the following example consisting of three transactions involving Level 2B shares (see Annex 1, Figure 1 for how these would appear in the 'Base data' tab). For this simplified example, also assume that for each transaction the cash leg is equal to the market value of the collateral. In practice, where the cash leg does not equal the market value of the collateral, the approach outlined in Q&A 3(g) should be followed to determine the appropriate weight for the cash legs of reverse repo transactions in accordance with the LCR.

The transactions

- 100 contractual cash inflow from maturing reverse repo not covering a short position on day 2. The weight for this transaction should be calculated in line with Q&A 3(g), but for simplicity in this example the cash leg is presumed equal to the market value of the collateral so a weight of 0.5 is applicable;
- 100 contractual cash inflow from maturing timing short position on day 2, with the collateral becoming available on day 31 (weight 0); and
- 100 contractual cash inflow from a maturing reverse repo covering a sold short position on day 3 (weight 0).

Blended approach

If following the 'blended approach' firms should calculate a blended weight (reported in column 6000) for items 2.1.1 to 2.1.5 in line with general instruction 20. This should reflect the composition of flows for monies due from secured lending and capital market driven transaction, which are covering a short and those that are not covering a short.

In this example, the blended weight that should be reported in item 2.1.3.4 is $[(0.5*100)-(0*200)]/300 = 0.17$, which can be derived as shown the formula bar of the 'PRA110' tab illustrated in Annex 1, Figure 2.

In the PRA110-LMM tool (v01.02 onwards) the 'LCR weights' tab then unblends these rows to ensure a weight of 0.5 is applied to transactions in 2.1.3.4 not covering a short, or where recognition of an inflow has been adjusted to match the availability of the collateral (ie the first Level 2B shares row in 'Base Data' tab shown in Annex 1, Figure 1) in subsequent calculations informing the monitoring metrics.

Alternative approach

An alternative approach now accommodated in PRA110-LMM tool (v01.02 onwards) does not require blended weights that include zero-weighted flows from section 2.1.60 to be reported in items 2.1.1 to 2.1.5. Instead, firms could calculate the LCR weight applicable to the set of inflows recognised under the LCR within 30 days (ie the set of inflows reported in item 2.1.3.4 after adjusting the recognition of inflows from transactions covering a short position to align with when the collateral becomes available; see the first Level 2B shares row in 'Base Data' tab in Annex 1, Figure 1). To achieve the correct result in the tool, this weight should be reported in column 6000 for the applicable row in items 2.1.1 to 2.1.5 and again in the corresponding row in items 2.1.60 to 2.1.60.5.

In this simplified example, the appropriate weight to report is 0.50 because for each transaction the cash leg is presumed equal to the market value of the collateral. This weight should be reported for both item 2.1.3.4 and item 2.1.60.3.4 (see Annex 1, Figure 3).

The same weight must be reported in both rows to ensure the logic in the 'LCR Weights' tab will still produce the correct weights for monies due included in items 2.1.1 to 2.1.5 that are not covering a short. In the 'LCR weights' tab (see Annex 1, Figure 4) non-zero weights reported for items 2.1.60 to 2.1.60.5 will be overridden as zero for the purposes of subsequent calculations in the PRA110-LMM tool (v01.02 onwards).

Both the blended and alternative approaches outlined will lead to the correct weights being reflected in column G of the 'LCR Weights' tab, which will in turn feed through to the subsequent calculation in the PRA110-LMM tool (v01.02 onwards).

4. Memorandum items (rows 1200-1290 and 6970-7230)

- a) What should be reported in the 'Derivatives margining and exposures' rows (7150-7230) to avoid double counting with rows 360 and 670?

Response: Rows 7150-7230 represent the current 'stock' of margin paid and received, whereas rows 360 and 670 represent known, contractual future inflows and outflows from derivatives as set out in the PRA110 instructions for those rows. There is therefore no double counting.

- b) Will the granular LCR stress calculation include some of the memorandum items, specifically collateral swaps (rows 7010-7140)?

Response: Collateral swap lines will be used to assess firms' worst net liquidity positions under the stress scenarios and tools outlined in paragraphs 3.26 and 3.28 of Statement of Policy (SoP) 'Pillar 2 liquidity'.⁸

- c) Where should forward starting collateral swaps be reported?

Response: Forward starting collateral swaps should be reported in the collateral swap rows 7010-7140 together with maturing collateral swaps.

5. Contingencies (rows 1090-1120 and 6530-6960)

- a) Is it correct that there is no requirement to report short positions covered by collateralised SFT (corresponding to row 360 in LCR return C.73) in the 'Contingencies' section of the PRA110?

Response: Yes. Information on short positions covered by collateralised securities financing transactions (SFTs) is collected elsewhere on the PRA110. For example, information is captured via the treatment of reverse repos (rows 6300-6440) and the treatment of collateral swaps (rows 7010-7140). Refer to the instructions for these rows for more information.

- b) Should row 1140 ('Outflows due to downgrade triggers') be the sum of rows 6800-6820 (1-3 notches), 6800-6870 (1-8 notches), or something else?

Response: Row 1140 is not required to be the sum of rows 6800-6870 (1-8 notches downgrade). Firms should report as per the instructions for this row.

- c) Where should credit/liquidity facilities within a group or an institutional protection scheme (IPS) be reported, if they are subject to preferential treatment under LCR DA Article 29?

Response: All credit/liquidity facilities should be reported within the relevant rows in section 4.1 ('Outflows from committed facilities'). There are no separate rows for facilities subject to preferential

⁸ February 2018: www.bankofengland.co.uk/prudential-regulation/publication/2016/pillar-2-liquidity.

treatment under LCR DA Article 29. Where this results in outflows with different LCR weights being summarised within rows in section 4.1, firms should report blended LCR weights as per paragraph 20 of the PRA110 instructions.

- d) Should outflows from credit cards be reported in both row 1100 ('Committed credit facilities') and 6690 ('credit cards')?

Response: Outflows should not be double counted. Where firms are unsure whether their classification of undrawn credit card balances fall under committed credit facilities, they should align their approach to their LCR reporting – for further details see 'PRA LCR reporting clarifications'.⁹

- e) Are the outflows from committed liquidity facilities identified in rows 6570 to 6640 mutually exclusive?

Response: Yes, there should be no duplication in the reporting of outflows from liquidity facilities across rows 6570 to 6640 (see also correction to row 6640 in Q&A 2(h)). This also applies to outflows subject to preferential treatment under LCR DA Article 29, where these may be summarised within these rows (see Q&A 5(c)). Firms should have regard to the outflow decision tree for section 1 of C73 of the LCR DA and Q&A 5(c) when allocating outflows across these rows.

6. Inflows (rows 390-720 and 6290-6480 and 7470-7510)

- a) Where should trade finance inflows be reported?

Update 3 October 2019: To allow for appropriate unblending and weighting of monies due from trade finance in section 2.2 in the PRA110-LMM tool v01.03, please report trade finance inflows with an undefined maturity in Overnight and not in the 'of which: open' column.

Response: Trade finance inflows should be reported within section 2.2 ('Monies due not reported in item 2.1 resulting from loans and advances granted to') based on the counterparty to the inflow. Where this results in inflows with different LCR weights being summarised within rows in section 2.2, firms should report blended LCR weights as per paragraph 20 of the PRA110 instructions.

- b) There is a discrepancy between the LCR treatment of monies due from financial customers reported in item 1.1.2.2.2 (row 160) in LCR C74 template (ie a 100% inflow rate) and the treatment of (some of) these monies in the PRA110-LMMv01.0 tool. Specifically, if these monies or some part thereof are reported in column 6010 'of which: open' of the PRA110 (for rows 620 and 630) – in line with general instruction 12 – the PRA110-LMMv01.0 tool assumes a 20% inflow rate. Please clarify this inconsistency and/or where these monies should be reported.

Update 3 October 2019: Please note where overnight deposits at a central bank are reported as a cash inflow in item 2.2.5 in accordance with the instructions in the Counterbalancing Capacity section, the PRA110-LMM tool (v01.01 onwards) seeks to deduct these from this item to avoid a double count with counterbalancing capacity. To ensure an appropriate LCR weight is derived for the residual monies due from central banks, the blended LCR weight reported in column 6000 for item 2.2.5 should reflect the LCR weight applicable to the column in which the firm reports overnight deposits with a central bank for that item. For example, if the firm has reported the overnight deposits only in column 020 then a 100% weight should be assumed to apply to these balances when calculating the LCR weight reported in column 6000 for item 2.2.5. However if the firm has reported overnight deposits in column 020 and 6010 then a 20% weight should be assumed to apply to these balances when calculating the LCR weight reported in column 6000 for item 2.2.5 (in PRA110-LMM v01.02 onwards).

Response: The PRA110 does not include a row equivalent to the LCR C74 template (row 200) identifying assets with an undefined contractual end date (to which the LCR DA applies a 20% inflow

⁹ September 2015: www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/crd-iv/liquidity-coverage-ratio-reporting-clarifications.

rate). Instead, the PRA110-LMMv01.0 tool assumes a 20% inflow applies to values reported in column 6010 'of which: open' within section 2.2 ('Monies due not reported in 2.1 resulting from loans and advances granted to') with the exception of ~~monies due from central banks (row 640) and~~ monies due classified by the counterparty as operational deposits (rows 6470 and 6480).

Therefore, the PRA clarifies that firms may exclude from column 6010 (for rows 620 and 630) 'of which: open' within section 2.2 ('Monies due not reported in 2.1 resulting from loans and advances granted to') monies due from financial customers that can be accessed immediately or do not have a defined maturity (eg sight or non-maturing deposits placed with another credit institution), where the firm would report these same monies due in item 1.1.2.2.2 (row 160) in LCR C74 template. These monies should instead be reported as overnight in column 020.

- c) Can the PRA provide some worked examples outlining how the PRA expects firms to report reverse repos and collateral swaps covering shorts in the PRA110?

Response: *The PRA110 reporting instructions differentiate monies due from timing shorts and sold short positions, as outlined in the reporting instructions for row 6300. To assist firms the PRA has developed worked examples for collateral swaps and reverse repo transactions covering timing shorts (see Annex 2).*

For transactions covering sold shorts, the same approach to adjust contractual cash flows from the maturing transaction illustrated in the worked examples on day 2 applies. However for sold short positions the collateral is presumed to remain unavailable for the foreseeable future (eg the covering transaction is assumed to roll). Firms should consider the instructions in row 6300 and row 7010 respectively, to determine if and when a positive inflow may be recognised in a later timeband where a secured lending or capital market driven transaction or a collateral swap is covering a sold short.

7. Counterbalancing capacity (rows 730-1080)

- a) Can the PRA confirm that all HQLA, prior to the application of HQLA concentration caps as per LCR DA Article 17, should be reported in the PRA110?

Response: Firms should not apply concentration caps when reporting their HQLA in the counterbalancing capacity section. As outlined in paragraph 3.12 of SoP 'Pillar 2 liquidity', 'available liquidity will be calculated [under the granular LCR stress] with LCR haircuts applied and after applying the criteria as specified in Article 17 of Regulation (EU) No 2015/61'. When the PRA publishes the equivalent LMM tool (see Q&A 2(a)), firms will be able to refer to this for an indication of how concentration caps are applied in the calculation methodology.

8. Time buckets (column 020 onwards)

- a) How should trades maturing overnight be reported if the reporting day is on a Friday: should these be reported as Monday (day 3, column '040') if this is when the trades mature contractually, or as Saturday (overnight, column '020')? Should the 'Of which: Open' column (6010) always be left blank where 'overnight' falls on a Saturday, since the former is a subset of the latter?

Response: As set out in paragraph 2 of PRA110 reporting instructions 'the contractual flows resulting from legally binding agreements and the residual maturity from the reporting date shall be reported according to the provisions of those legal agreements'. For example for items with a defined maturity date, if the date falls on a non-working day and the contractual provision or market convention for this eventuality is that the cash flow would occur on the next working day, it should be reported on the next working day. If a cash flow would actually take place on a non-working day because it occurs in a market open on a Saturday or public holiday, it should be reported on the non-working day. The 'Of which: open' column (6010) should be used to indicate balance sheet items without a defined maturity date, regardless of the date of reporting. As set out in paragraphs 12(c) and (d) of PRA110 reporting instructions 'all sight and non-maturing deposits [...] and open repos or reverse repos and similar

transactions which can be terminated by either party on any day [...] shall be reported both as 'overnight' in column 020 and in the 'Of which: open' column 6010'.

b) Which time bucket should individual savings accounts (ISAs) be reported in?

Response: Instant access ISAs should be reported in the same time band as other instant access products. Balances from fixed-term ISA accounts should be reported according to the earliest date at which the firm could be required to transfer the balance to a different provider (unless the remaining term of the balance is sooner, in which case the earlier period should be used). For further guidance refer to deadlines on ISA transfers.¹⁰

October 2019

¹⁰ www.gov.uk/individual-savings-accounts/transferring-your-isa.



Annex 1 – Q&A 3(j)

Figure 1: 'Base data' tab

	2	INFLOWS	Weight open	Weight term	Initial stock	Open	Overnight (excl. open)	Greater than overnight up to 2 days	Greater than 2 days up to 3 days	...	Day 30		Day 31	
											Day 30	Day 31	Day 30	Day 31
		Monies due from secured lending and capital market driven transactions not covering shorts, or reverse repos covering shorts where the recognition of an inflow has been adjusted to match the availability of the collateral, collateralised by:				0	0	0	0	0	0	0	0	0
		Level 2B shares				0	0	100	0	0	0	0	0	100
6300	2.1.60	Of which (from all of 2.1 above): monies due from secured lending and capital market driven transactions where the reverse repo is covering a short position collateralised by				0	0	0	0	0	0	0	0	0
6400	2.1.60.3.4	Level 2B shares				0	0	100	100	0	0	0	0	-100

Figure 2: Blended weight approach illustrated in 'PRA110' tab

$f_x = ((0.5 * ((SUM(I102:AM102) - J102) + (SUM(I117:AM117) - J117))) - G117 * (SUM(I117:AM117) - J117)) / (SUM(K102:AM102) - J102)$

D	2	INFLOWS	G LCR weight	H Initial stock	I Overnight	J Of which: open	K Greater than overnight up to 2 days	L Greater than 2 days up to 3 days	M ...	AM		AN	
										Day 30	Day 31	Day 30	Day 31
390	2.1	Monies due from secured lending and capital market driven transactions collateralised by:											
550	2.1.3.4	Level 2B shares	0.17				200	100					
6300	2.1.60	Of which (from all of 2.1 above): monies due from secured lending and capital market driven transactions where the reverse repo is covering a short position collateralised by											
6400	2.1.60.3.4	Level 2B shares	0.00				-100	-100					100

Sold short (pointing to -100 in L column)
Timing short from day 2, maturing on day 31 (pointing to 100 in AN Day 31 column)

Figure 3: Alternative weight approach illustrated in 'PRA110' tab

	2	INFLOWS	LCR weight	Initial stock	Overnight	Of which: open	Greater than overnight up to 2 days	Greater than 2 days up to 3 days	...	Day 30		Day 31	
390	2.1	Monies due from secured lending and capital market driven transactions collateralised by:											
550	2.1.3.4	Level 2B shares	0.50				200	100					
6300	2.1.60	Of which (from all of 2.1 above): monies due from secured lending and capital market driven transactions where the reverse repo is covering a short position collateralised by											
6400	2.1.60.3.4	Level 2B shares	0.50				-100	-100					100

Sold short

Timing short from day 2, maturing on day 31

Figure 4: Resulting 'LCR weights' tab

Code	ID	Item	LCR weight	LCR weight	LCR weight	LCR weight	LCR weight	LCR weight - open
			FIRM	FIRM or Default value where FIRM is blank	STANDARD MIN	STANDARD MAX	WEIGHT IF RANGE CRITERIA ENFORCED	
	2	INFLOWS			LCR weight	LCR weight	LCR weight	
		Monies due from secured lending and capital market driven transactions not covering shorts, or reverse repos covering shorts where the recognition of an inflow has been adjusted to match the availability of the collateral, collateralised by:						
		Level 2B shares	0.50	0.50	0.00	0.50	0.50	0.50
6300	2.1.60	Of which (from all of 2.1 above): monies due from secured lending and capital market driven transactions where the reverse repo is covering a short position collateralised by						
6400	2.1.60.3.4	Level 2B shares		0.00	0.00	0.00	0.00	0.00

Annex 2– Q&A 6(c)

Figure 1: Reverse repo – timing short

REVERSE REPO: TIMING SHORT										
Code	ID	Item	LCR weight	Initial stock	Overnight	Greater than overnight up to 2 days	Greater than 2 days up to 3 days	Greater than 3 days up to 4 days	Greater than 4 days	Row sum
			6000	010	020	6010	030	040	050	
0005	1	OUTFLOWS								
060	1.2	Liabilities resulting from secured lending and capital market driven transactions collateralised by:								
130	1.2.1.2	Level 1 covered bonds (CQS1)	0.07						100	100
0389	2	INFLOWS								
390	2.1	Monies due from secured lending and capital market driven transactions collateralised by:								
460	2.1.1.2	Level 1 covered bonds (CQS1)	0.0235			100				100
6300	2.1.60	Of which (from all of 2.1 above): monies due from secured lending and capital market driven transactions where the reverse repo is covering a short position collateralised by								
6320	2.1.60.1.1	Level 1 covered bonds (CQS1)	0			-100		100		0
0729	3	COUNTERBALANCING CAPACITY								
750	3.3	Level 1 tradable assets								
810	3.3.2	Level 1 covered bonds (CQS1)	0.93	0		-105		105		
0389	2	INFLOWS								
720	2.9	Cumulative net funding gap		0	0	0	100	100	0	
0729	3	COUNTERBALANCING CAPACITY								
1080	3.10	Cumulative Counterbalancing Capacity		0	0	0	-105	-105	0	
		LCR HQLA		0	0	0	0	0	0	
		Cumulative LCR NLO		0	0	0	0	0	(4.65)	

1
The firm's initial stock does not contain the specific asset involved in the reverse repo (asset has been rev repo'd in for short tenor then repo'd out for longer tenor).

2
Maturing reverse repo, collateral leg outflow.

3
The CBC cumulative position turns negative (zero initial stock minus y of stock to be delivered), indicating that the firm would need to use the cash received from the maturing reverse repo to source the specific asset needed to deliver into the maturing reverse repo. The LCR only considers the initial stock of HQLA, so the Day 2 reduction in stock as a result of the reverse repo unwinding is not captured. Therefore the corresponding cash inflow is offset by a negative entry to ensure that the effect on the firm's net liquidity position is neutral.

4
Maturing reverse repo, cash leg inflow. The LCR denominator must not include this cash inflow on Day 2 because the LCR numerator does not include the negative impact of the corresponding collateral outflow.

5
This figure indicates that the reverse repo is covering a short position. The effect of this figure ensures the cash inflow is not included in the Day 2 inflows calculated in the PRA110-LMM tool. But this figure does not affect the Cumulative net funding gap (row 720) reported in the PRA110 template. (See comment 6)

6
The Cumulative net funding gap does not reflect flows reported in rows 6300 to 6440. Rows 6300 to 6440 contain complementary information about the transactions reported in parent rows 400-580 for use in the PRA110-LMM tool. This information is not directly reflected in the parent rows themselves, which are what inform the Cumulative net funding gap (row 720).

7
Maturing repo, collateral leg inflow.

8
The CBC cumulative position turns flat (the stock needed to be delivered on Day 2 becomes available on Day 4 when the repo is due to mature).

9
Maturing repo, cash leg outflow.

10
This figure represents the point at which the reverse repo is re-aligned to the contractual maturity date of the corresponding repo (collateral becomes available). It is appropriate to include the reverse repo cash inflow here because it will offset the cash outflow from the corresponding repo maturing at this time.

11
Note that for timing shorts this row will sum to zero. But this may not hold in aggregate on the PRA110 if there are also sold short positions reported in this row.

12
Do not report a figure in this row relating to the reverse repo on the day the corresponding repo matures (column 050 in this example). The point in time when the reverse repo matures (Column 030 in this example) is the single place to report this reverse repo flow. This prevents double counting the inflow in this row and achieves the correct outcome in the PRA110-LMM tool calculations (eg Cumulative LCR NLO, shown in the last row). We recognise there will be an entry in the corresponding 'of which' row at this time relating to the reverse repo. But these 'of which' rows are designed to provide complementary information about the transactions contained in the parent rows, which is not necessarily directly reflected in the parent rows themselves.

NOTES:

Please refer to Q&A 3(j) for examples of the two approaches possible to reporting LCR Weights against items 2.1.1 to 2.1.5 and in section 2.1.60.

In this example, we follow the 'blended approach' outlined in Q&A3(j) and calculate the corresponding LCR Weight in accordance with Q&A3(g), assuming a cash leg of 100 and that the market value of the corresponding collateral is 105.

6300 **2.1.60** Of which (from all of 2.1 above): monies due from secured lending and capital market driven transactions where the transaction is covering a short position collateralised by:

Note the following text from Regulation (EU) No 2015/61:

Article 32(3)(b) of Regulation (EU) No 2015/61: No inflow shall be allowed if the collateral is used to cover a short position.

Article 32(3)(f) of Regulation (EU) No 2015/61: Short positions include both instances where in a matched book the credit institution:

- sold short a security outright as part of a trading or hedging strategy; and
- instances where the credit institution is short a security in the matched repo book and has borrowed a security for a given period and lent the security out for a longer period ["timing short"].

For a timing short position, institutions should report negatives in the columns corresponding with the contractual inflow reported in the "all rev repos" row, then report positives in later timebands which correspond with when the collateral becomes available.

So the sum of each row in this section will equate to the amount of sold shorts (the timing shorts sum to zero across all columns).

Figure 2: Collateral swap – downgrade trade

TIMING SHORT (MATURING COLLATERAL SWAP DOWNGRADE)									
Code	ID	Item	LCR weight	Initial stock	Overnight		Greater than overnight up to 2 days	Greater than 2 days up to 3 days	Greater than 3 days up to 4 days
						Of which: open			
			6000	010	020	6010	030	040	050
0005	1	OUTFLOWS							
060	1.2	Liabilities resulting from secured lending and capital market driven transactions collateralised by:							
240	1.2.4	other tradable assets	1						100
0729	3	COUNTERBALANCING CAPACITY							
820	3.4	Level 2A tradable assets	0.85	0			100		
920	3.6	Other tradable assets	0	0		-100			100
1149		MEMORANDUM ITEMS							
7010	60	Collateral swap flows:							
7060	60.2	Level 2A tradable assets	0.15						100
7130	60.4	Other tradable assets	1						-100
0389	2	INFLOWS							
720	2.9	Cumulative net funding gap		0	0	0	0	0	-100
0729	3	COUNTERBALANCING CAPACITY							
1080	3.10	Cumulative Counterbalancing Capacity		0	0	0	0	0	100
		LCR collateral swap flow (net basis)		0	0	0	0	0	85
		LCR repo flow		0	0	0	0	0	-100
		Cumulative LCR net liquidity flow		0	0	0	0	0	(15)

1
This is the asset involved in the timing short (asset has been borrowed in via collateral swap for a short tenor then lent out via repo for a longer tenor, hence why the firm's initial stock does not contain this asset).

2
This L2A asset has been lent via collateral swap which is why the firm's initial stock no longer contains this asset. The collateral swap is a "downgrade" from an LCR perspective because L2A HQLA has been lent and non-HQLA has been borrowed.

5
Maturing repo, cash leg outflow.

4
Maturing collateral swap, collateral leg inflow. This positive collateral flow is the contractual situation (so is reported as such in the CBC section), but the collateral inflow (which will produce an LCR benefit) will not happen on Day 2 because the collateral due to be delivered on the other side of the trade is unavailable on Day 2 (see 3).

3
Maturing collateral swap, collateral leg outflow. This negative collateral flow is the contractual situation (so is reported as such in the CBC section), but the collateral due to delivered is not available on Day 2.

6
Maturing repo, collateral leg inflow. This is the flow that makes the collateral, due to be delivered in the collateral swap, available.

7
Although the contractual maturity of the collateral swap is Day 2 (as shown in the CBC rows), this pair of flows on Day 4 reflects "report(ing) of the collateral swap maturity in the timeband when the lent security is returned (maturity date of the corresponding repo) and is available to be delivered into the maturing collateral swap".

8
This LCR weighted inflow (L2A collateral in vs non-HQLA collateral out) has been delayed from Day 2 (collateral is unavailable) until Day 4 when the collateral becomes available.

7010

60 Collateral swap flows

- For maturing **downgrade** trades (i.e. where better collateral would be received if the trade matures):

Report the maturity in the timeband in which the collateral to be returned becomes available, i.e. if the collateral is not available at maturity of the swap due to a short position then then the reporting should be pushed into the (longer) timeband at which the collateral becomes available. If the collateral is not available until >30 days this is equivalent to not reporting (within the LCR timeband) transactions covering shorts.

For short positions, the following applies:

ii) For situations in which the security received as collateral has been lent out for a longer period than it has been borrowed, report the collateral swap maturity in the timeband when the lent security is returned and is therefore available to be delivered into the maturing collateral swap.

Figure 3: Collateral swap – upgrade trade

TIMING SHORT (MATURING COLLATERAL SWAP UPGRADE)									
Code	ID	Item	LCR weight	Initial stock	Overnight		Greater than overnight up to 2 days	Greater than 2 days up to 3 days	Greater than 3 days up to 4 days
						Of which: open			
			6000	010	020	6010	030	040	050
0005	1	OUTFLOWS							
060	1.2	Liabilities resulting from secured lending and capital market driven transactions collateralised by:							
240	1.2.4	Level 2A tradable assets	0.15						100
0729	3	COUNTERBALANCING CAPACITY							
820	3.4	Level 2A tradable assets	0.85	0			-100		100
920	3.6	Other tradable assets	0	0			100		
1149		MEMORANDUM ITEMS							
7010	60	Collateral swap flows:							
7060	60.2	Level 2A tradable assets	0.15				-100		
7130	60.4	Other tradable assets	1				100		
0389	2	INFLOWS							
720	2.9	Cumulative net funding gap		0	0	0	0	0	-100
0729	3	COUNTERBALANCING CAPACITY							
1080	3.10	Cumulative Counterbalancing Capacity		0	0	0	0	0	100
		LCR collateral swap flow (net basis)		0	0	0	-85	0	0
		LCR repo flow		0	0	0	0	0	-15
		Cumulative LCR net liquidity flow		0	0	0	(85)	(85)	(100)

1
The contractual maturity of the collateral swap is Day 2 (as shown in the CBC rows). An outflow of L2A collateral is due but this collateral is not available on Day 2 (it is out on repo until Day 4). Because this is a maturing upgrade trade, which causes an adverse impact, the principle is that outflow impacts should be reflected at the earliest possible date. Therefore the prudent assumption is that on Day 2 the firm will have to take action to source the L2A asset. Hence the collateral swap maturity for a maturing upgrade trade short position is "report(ed) in the timeband which corresponds to the contractual maturity of the collateral swap".

3
This figure relates to the repo maturity and is equivalent of the net effect of the cash outflow from the repo versus an inflow of the corresponding collateral.

2
The Day 2 action of sourcing the L2A asset is LCR negative because this action consumes liquidity to source the L2A (which is then delivered) and there is no offsetting benefit from the collateral received back (it is non-HQLA).

7010

60 Collateral swap flows

- For maturing **upgrade** trades (i.e. where worse collateral would be received if the trade doesn't roll / the direction of "margin" flow from a wider haircut or fall in collateral value will be an outflow):

Disregard the availability of the collateral to be returned (even where there is a short). Report the maturity in the timeband which corresponds to the contractual maturity date of the collateral swap.