Changes to legislation: *There are outstanding changes not yet made to Commission Implementing Regulation (EU) 2015/2344. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details)EUR 2015 No. 2344 may be subject to amendment by EU Exit Instruments made by the Prudential Regulation Authority under powers set out in The Financial Regulators' Powers (Technical Standards etc.) (Amendment etc.) (EU Exit) Regulations 2018 (S.I. 2018/1115), regs. 2, 3, Sch. Pt. 2. These amendments are not currently available on legislation.gov.uk. Details of relevant amending instruments can be found on their website/s. (See end of Document for details) View outstanding changes*

Commission Implementing Regulation (EU) 2015/2344 of 15 December 2015 laying down implementing technical standards with regard to currencies with constraints on the availability of liquid assets in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council (Text with EEA relevance)

COMMISSION IMPLEMENTING REGULATION (EU) 2015/2344

of 15 December 2015

laying down implementing technical standards with regard to currencies with constraints on the availability of liquid assets in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012[(1)], and in particular Article 419(4) thereof,

Whereas:

(1) Article 412(1) of Regulation (EU) No 575/2013 sets out a liquidity coverage requirement, establishing that institutions must hold liquid assets to ensure they maintain levels of liquidity buffers which are adequate to face any possible imbalance between liquidity inflows and outflows.

(2) Commission Delegated Regulation (EU) 2015/61[(2)], adopted pursuant to Article 460 of Regulation (EU) No 575/2013, specifies in detail the liquidity coverage requirement

(3) Where the justified needs for liquid assets in the light of the liquidity coverage requirement exceed the availability of those liquid assets in a currency, one or more derogations are to apply for that currency, as set out in Article 419(2) of Regulation (EU) No 575/2013.

(4) It is therefore necessary to identify the currencies which should benefit from a derogation and the extent to which such a derogation should be available.

(5) The assessment by the European Banking Authority (EBA) of justified needs was based on the best available data that could be supplied by competent authorities on the liquid assets in a currency and the amount of liquid assets required by other investors and therefore not available to meet the needs of institutions for liquid assets.

(6) EBA has identified the Norwegian krone (NOK) as a currency with constraints on the availability of liquid assets. That identification was made before the entry into force of Delegated Regulation (EU) 2015/61, where EBA assessed the availability of liquid assets in accordance with the international standards adopted by the Basel Committee on Banking Supervision. The assessment examined the amounts of liquid

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assets not required by entities which are not subject to Regulation (EU) No 575/2013 and compared this to the needs of institutions, based on their estimated weighted net cash outflows over the following 30 days, taking into account the cap on inflows, factors likely to affect the shortage of liquid assets over a three to five year period and a target of 110 % for the liquidity coverage requirement.

(7) The EBA assessment concluded that the justified needs for liquid assets exceeded the availability of liquid assets in NOK. Sovereign debt is one of the most liquid assets, but in the case of Norway the supply of Norwegian government debt is relatively constrained because of the favourable budgetary position. While international institutions and multinational development banks have also issued large amounts of bonds in NOK, these issues are predominantly private placements held by overseas investors and were therefore not considered by EBA as liquid and available for institutions within the scope of Regulation (EU) No 575/2013. Finally, the EBA assessment was based on the international liquidity standards adopted by the Basel Committee on Banking Supervision whilst the assessement whether the justified needs for liquid assets significantly exceed the availability of liquid assets in a currency should be based upon the definitive list of liquid assets established by Delegated Regulation (EU) 2015/61. The latter establishes a broader range of liquid assets, in particular in relation to covered bonds. However, this difference is insufficient to change the EBA conclusion that the justified needs for liquid assets exceeded the availability of liquid assets in NOK.

(8) EBA has conducted open public consultations on the draft implementing technical standard on which this Regulation is based, analysed the potential related costs and benefits and requested the opinion of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council. In accordance with the procedure set out in Article 15 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council[(3)], the Commission endorsed with amendments the draft implementing technical standard submitted by EBA after having sent the draft implementing technical standard back to EBA explaining the reasons for the amendments. The EBA provided a formal opinion supporting those amendments and confirming that the amount by which justified needs for liquid assets exceed availability of liquid assets in NOK as proposed in its original draft implementing technical standard should not be amended.

HAS ADOPTED THIS REGULATION:

Article 1

The justified needs for liquid assets in the light of the requirement in Article 412 of Regulation (EU) No 575/2013 shall be deemed to exceed the availability of those liquid assets in the currencies specified in the Annex to this Regulation by the percentage specified in that Annex.

Article 2

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

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This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 15 December 2015.

For the Commission

The President

Jean-Claude JUNCKER