

Liquid Assets Report completes the reporting set for Solvency reporting

The Liquid Assets Report is the final building block in the set of solvency requirements stipulated by the Capital Requirements Regulation and Directive (CRR/CRD) IV in XENTIS.

BACKGROUND

On 10 October 2014, the European Commission published the final act on liquidity coverage requirements (Article 412, para. 1 CRR) for all credit institutions and investment firms, based on the CRR/CRD IV (BASEL III). This deals in particular with the Liquidity Coverage Ratio (LCR), whereby high quality liquid assets are considered in relation to net outflows within the next 30 days (liquidity stress test).

C 72.00 - LIQUIDITY COVERAGE - LIQUID ASSETS						
Currency						
Row	ID	Item	Amount/Market value	Standard weight	Applicable weight	Value according to Article 9
			010	020	030	040
010	1	TOTAL UNADJUSTED LIQUID ASSETS				
020	1.1	TOTAL UNADJUSTED LEVEL 1 ASSETS				
030	1.1.1	Total unadjusted LEVEL 1 assets excluding extremely high quality covered bonds				
040	1.1.1.1	Coins and banknotes		1.00		
050	1.1.1.2	Withdrawable central bank reserves		1.00		
060	1.1.1.3	Central bank assets		1.00		
070	1.1.1.4	Central government assets		1.00		
080	1.1.1.5	Regional government / local authorities assets		1.00		
090	1.1.1.6	Public Sector Entity assets		1.00		
100	1.1.1.7	Recognisable domestic and foreign currency central government and central bank assets		1.00		
110	1.1.1.8	Credit institution (protected by Member State government, promotional lender) assets		1.00		
120	1.1.1.9	Multilateral development bank and international organisations assets		1.00		
130	1.1.1.10	Qualifying CIU shares/units: underlying is coins/banknotes and/or central bank exposure		1.00		
140	1.1.1.11	Qualifying CIU shares/units: underlying is Level 1 assets excluding extremely high quality covered bonds		0.95		

Fig. 1: Extract from the new template C72.00

The Liquid Assets Report calculates the allocation of individual fund assets to the specified liquidity levels. Net liquidity outflows and hence the LCR are calculated by the financial institutions themselves, therefore they do not form part of the report. Institutions are furthermore required to report the composition of the liquid assets to their national supervisory authorities on a regular basis (Articles 415 to 425 CRR). The LCR must be reported at least monthly. However, the institution organisation should allow the stress tests to be performed weekly or even daily, at the discretion of the supervisory authority. Following the adoption of the Delegated Regulation, in December 2014 the European Banking Authority (EBA) launched a consultation on the Implementing Technical Standards (ITS). The current version of the ITS includes, amongst other things, the Reporting Template C72.00 – Liquidity Coverage – Liquid Assets (Fig. 1).

IMPLEMENTATION IN XENTIS

All reports relating to solvency under CRD IV are based on the same underlying logic for determining the basis of assessment and risk weightings, thereby creating a consistent data structure. Therefore, the report 'PD_LIQUIDE_AKTIVA (LCR)' has also been integrated into the XENTIS reporting set for solvency reporting under CRD IV (**Fig. 2**).

In the report, fund assets are classified into liquidity levels and their eligibility for liquidity coverage is checked. Assets are also allocated to the rows of ITS Template C72.00. The process corresponds exactly to the requirements of the Delegated Regulation:

- I. Determine eligibility – Article 7 paras. 2 - 6 Del.Reg.
- II. Classify into levels 1A, 1B, 2A, 2B – Articles 10 - 15 Del.Reg.
- III. Allocate to ITS template rows – Template C72.00

The report comprises an overview of the classified assets (cover sheet) and a detailed breakdown list. The cover sheet indicates whether the analysed fund meets the liquidity requirements (**Fig. 3**). A liquid fund is characterised by the fact that all fund assets are classified in one level or in the 'not infecting' category.

The breakdown list makes it possible to check the allocation of each individual fund asset and the referenced articles of the Delegated Regulation (**Fig. 4**). Furthermore, the identified asset levels are stored in a particular field of the securities master data, allowing further use in supplementary reports and in the business rules for monitoring investment compliance.

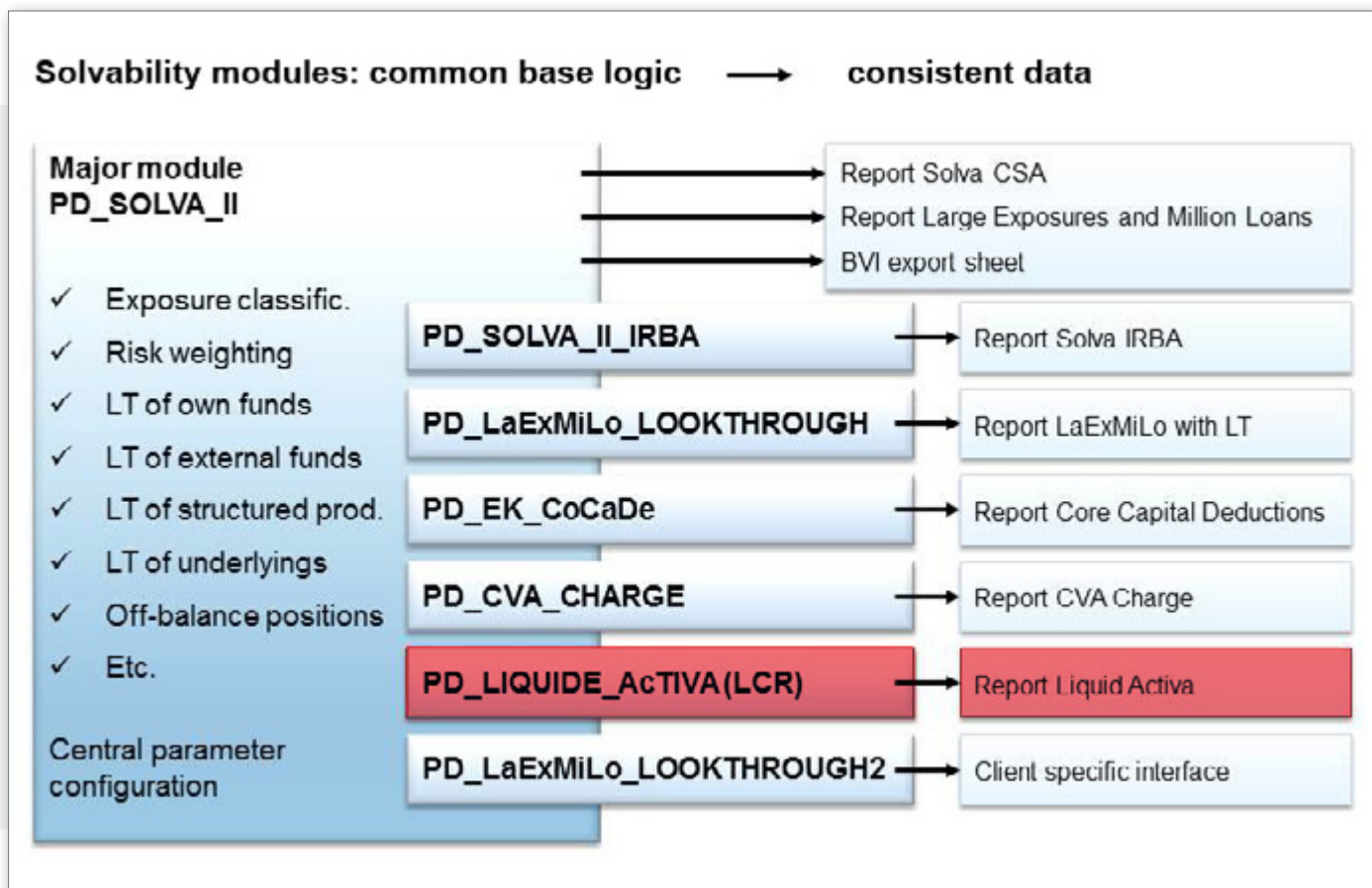


Fig. 2: Solvency reporting under CRD IV in XENTIS

CONCLUSION

The Liquid Assets Report completes the reporting set for solvency reporting in XENTIS. Because the same base logic is used, a consistent data structure is guaranteed. In this way, a further legal requirement has been implemented in XENTIS within a very short time frame.

For further information, please contact

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Liquidity Coverage Ratio (LCR)							XENTIS		
Fund:	PDDMO PD-Demofonds						Report per:	01.04.2019 23:45	
Currency:	EUR						Valuation date:	01.04.2019 23:45	
ISIN:	DE0001234567						Created:	03.04.2019 10:00	
LEI:	529900A6K0WAHEKLA515								
Fundvolume:	174'901'930.52								
Number of units:	1743688								
Liquidity Level ID	Liquidity Level Name	Market Value	Market Value in % of Fundvolume	Applicable Amount	Minimum Haircut	Weighted Amount	Applicable Amount in % of Fundvolume		
AKTVA_STUFE_1A	Level 1A Assets	84384407.88	48.17	84387531.52	5.00	80177854.94	45.77		
AKTVA_STUFE_1B	Level 1B Assets	53611137.36	30.60	53611137.36	12.00	47177860.88	26.93		
AKTVA_STUFE_2A	Level 2A Assets	34727044.74	19.82	34727044.74	20.00	27781835.79	15.86		
NOT_INFECTING	not infecting	2455942.18	1.40	0.00	0.00	0.00	0.00		
	Total	175'177'632.16	100.00	172'735'713.62		155'137'091.61	88.56		
	Fundvolume incl. claim and receivables	175'177'632.16							
	- Fundvolume based on Valuation	174'901'930.52							
	Difference	195701.64							

Fig. 3: Cover sheet for the Liquid Assets Report

Underlying Details								XENTIS	
Fund nr.	Fund name	ISIN	Chargeability	LCR-Instrument group	Liquidity Requirement	Eligibility Rule	ITS Rule	relevant rating	
1234	PDDMO	AT0000A1W509	chargeable	ASSIGNED	ACTIVA_LEVEL_2A	ANR_05, ANR_06, ANR_08		Aa2	
1234	PDDMO	BE0001764183	chargeable	ASSIGNED	ACTIVA_LEVEL_1A	ANR_05, ANR_06, ANR_08	ITS_080	Aa2	
1234	PDDMO	BE0002265347	chargeable	ASSIGNED	ACTIVA_LEVEL_1B	ANR_05, ANR_06	ITS_190	AAA / Aaa	
1234	PDDMO	BE0002489640	chargeable	ASSIGNED	ACTIVA_LEVEL_1B	ANR_05, ANR_06	ITS_190	Aaa / AAA	
1234	PDDMO	BE0002498732	chargeable	ASSIGNED	ACTIVA_LEVEL_1B	ANR_05, ANR_06	ITS_190	Aaa / AAA	
1234	PDDMO	BE6242927075	chargeable	ASSIGNED	ACTIVA_LEVEL_1A	ANR_05, ANR_08	ITS_050	Aa-	
1234	PDDMO	DE000A13SV81	chargeable	ASSIGNED	ACTIVA_LEVEL_1B	ANR_05, ANR_06	ITS_190	Aa1	
1234	PDDMO	DE000A161ZU5	chargeable	ASSIGNED	ACTIVA_LEVEL_1B	ANR_05, ANR_06	ITS_190	AAA	
1234	PDDMO	DE000A1K0V84	chargeable	ASSIGNED	ACTIVA_LEVEL_1A	ANR_05, ANR_06, ANR_08	ITS_080	AAA	
1234	PDDMO	DE000A1YCUJ9	chargeable	ASSIGNED	ACTIVA_LEVEL_1A	ANR_05, ANR_06, ANR_08	ITS_080	AAA	
1234	PDDMO	DE000A2DASJ1	chargeable	ASSIGNED	ACTIVA_LEVEL_1B	ANR_05, ANR_06	ITS_190	Aa1	
1234	PDDMO	DE000C240KX5	chargeable	ASSIGNED	ACTIVA_LEVEL_1B	ANR_05, ANR_06	ITS_190	Aaa	
1234	PDDMO	DE000EA40SW8	chargeable	ASSIGNED	ACTIVA_LEVEL_1A	ANR_05, ANR_06, ANR_08	ITS_090	Aa- / Aa1 / AAA	
1234	PDDMO	DE000NRW0E76	chargeable	ASSIGNED	ACTIVA_LEVEL_1A	ANR_05, ANR_06, ANR_08	ITS_080	Aa- / Aa1 / AAA	
1234	PDDMO	DE000SHFM220	chargeable	ASSIGNED	ACTIVA_LEVEL_1A	ANR_05, ANR_06, ANR_08	ITS_080	AAA	
1234	PDDMO	DE000SHFM501	chargeable	ASSIGNED	ACTIVA_LEVEL_1A	ANR_05, ANR_06, ANR_08	ITS_080	AAA	
1234	PDDMO	DE85600501010008682451	not infecting	EXCLUDED	NOT_INFECTING	ANR_NotInfecting, ANR_08			
1234	PDDMO	ES00000127H7	chargeable	ASSIGNED	ACTIVA_LEVEL_1A	ANR_05, ANR_06, ANR_08	ITS_050	BBB+ / Baa2	
1234	PDDMO	ES00000128B8	chargeable	ASSIGNED	ACTIVA_LEVEL_1A	ANR_05, ANR_06, ANR_08	ITS_050	BBB+ / Baa2	
1234	PDDMO	ES00000101586	chargeable	ASSIGNED	ACTIVA_LEVEL_1A	ANR_05, ANR_06, ANR_08	ITS_080	BBB+ / Baa2 / BBB	
1234	PDDMO	ES00000101719	chargeable	ASSIGNED	ACTIVA_LEVEL_1A	ANR_05, ANR_06, ANR_08	ITS_080	BBB+ / Baa2 / BBB	

Fig. 4: Extract from breakdown list for the Liquid Assets Report

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