

Classification symbol						
2	1	0	1	5	5	6 0

**OFFICIAL INFORMATION
OF THE CZECH NATIONAL BANK**

of 10 September 2015

**regarding the conduct of business activities by banks and credit unions – exposures to
the Czech National Bank eligible for liquidity coverage ratio purposes**

I. Purpose of the Official Information

1. Pursuant to Commission Regulation No. 2015/61 (hereinafter referred to as the “Regulation”), which introduces the liquidity coverage ratio (hereinafter referred to as the “LCR”) with effect from 1 October 2015, reserves held by a credit institution in a central bank can be included in level 1 assets for LCR purposes if withdrawable at any time during stress periods, based on an agreement between the central bank and the relevant competent authority.
2. Since the Czech National Bank, in accordance with Act No. 6/1993 Coll., on the Czech National Bank, as amended, sets monetary policy and supervises the activities of entities operating on the financial market, the requirement for there to be an agreement between the central bank and the relevant competent authority is hereby fulfilled.
3. The Czech National Bank hereby also provides information on the treatment of the claims of banks and credit unions arising from reverse repos with the Czech National Bank and collateral received in reverse repos with the Czech National Bank for LCR purposes.

II. Withdrawable reserves with the Czech National Bank

4. Of the exposures of banks and credit unions to the Czech National Bank, claims on the Czech National Bank other than required minimum reserves and claims arising from reverse repos with the Czech National Bank are deemed to be exposures compliant with Article 10(1)(b) of the Regulation and can be included in level 1 assets for LCR purposes.
5. If, on a given date in the LCR reference period, a bank or a credit union has withdrawable reserves with the Czech National Bank of an amount lower than the required minimum reserves, it shall take zero account of them for LCR purposes. If, on a given date in the LCR reference period, a bank or a credit union has withdrawable reserves with the Czech National Bank of an amount higher than the required minimum reserves, it shall take them into account in full for LCR purposes.

“Withdrawable reserves with the Czech National Bank” shall mean the sum of the end-of-day balances on the payment account, the cash deposit and withdrawal account and the special minimum reserves account and the amount of deposit facilities (overnight deposits).

III. Reverse repos with the Czech National Bank

6. The claims of a bank or a credit union arising from reverse repos with the Czech National Bank shall not be included in liquid assets for LCR purposes, but shall be treated as an inflow in accordance with Article 32 of the Regulation. For LCR purposes, liquid assets may include CNB bills received as collateral, provided that they are unencumbered.

IV. Final provision

7. This Official Information shall take effect on the date of its promulgation in the CNB Bulletin.

Vice-Governor
Ing. Mojmír Hampl, MSc., Ph.D., duly signed