

Q&A

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Question

CIC FOR COVERED BONDS

Typically, we would only expect to see banks issuing covered bonds and therefore with CIC code 26 (corporate covered bonds). However, we see that you also have CIC code 16 (government covered bonds). What would you expect to fall into this category? There are a handful of covered bonds which are issued by essentially special purpose banks set up by governments, predominantly in France, e.g. Issuers Caisse Francaise de Financement Local, Caisse de Refinancement de l'Habitat SA. How would you expect these to be categorised?

CIC FOR US TREASURY BONDS

What would you expect to see for the first to letters of the CIC for US treasury bonds? We are currently representing this as US, but should this still be the case if they are trading on other exchanges (eg US912828L328 on the Berlin exch - would this show US or DE) or no exchanges (eg US912828M649 would this show US or XL).

HYBRID & SUBORDINATED BONDS

In CIC categorisation, which characteristic takes precedence?

EIOPA answer

Bonds issued by special purpose banks or vehicles set by the government should not be considered as government bonds. When creating the CIC table we did not have any specific security in mind and tried to create a comprehensive table.

If the asset is listed in more than one country the first two letter of the CIC code should reflect the country of the regulated market or multilateral trading facility used as the reference for valuation purposes. For the use of XL please refer to the definition of “negotiated on a regulated market or on a multilateral trading facility, as defined by Directive 2004/39/EC.”

Regarding the precedence between code 25 (Hybrid bonds) and code 28 (Subordinated bonds) the classification should follow a risk-based approach. Which risk is more relevant from risk management perspective? The fact that the payoff is more similar to equity than to bonds or the fact that it has a lower priority in case of liquidation.