

3.4.4

Inception date

Definition: The date on which the contractual relationship originated, i.e. the date on which the contract agreement becomes binding for all parties

The inception date refers to the date of the legal contract which led to the creation of the instrument.

The inception date is the same as the date on which the contract which gives rise to the instrument becomes binding, which is considered for practical reasons to be the signature date rather than the documentation completion date. In this connection, it is clarified that, although the information is provided at the level of an instrument, the inception date means the date on which the contract that gives rise to the instrument is originated.

The inception date does not change for an existing instrument, even if an amendment to the contract which has given rise to the instrument is made (for instance if the credit limit of an instrument is increased or decreased), while the amendment date is reported under the data attribute “date of the forbearance and renegotiation status” (cf. Section 5.4.13). Consider for example instruments where the initial contract is modified and the running instruments are adjusted accordingly, rather than a new contract being created and new instruments being issued to replace the existing ones.

The contract may also indicate a future date T+1 on which the instrument will be created, in which case, at the moment T+1 when the instrument becomes relevant for reporting, the date when the contract was signed (i.e. T+0) is considered as the “inception date” because it is the date when the responsibilities became binding (example, forward repurchase agreements).

However, in the case of roll-overs or restructuring, when the existing contract is superseded by a new contract (i.e. where all or some of the conditions have changed), the new instrument that arises is entered as a new record in the instrument dataset (under the new contract). In this record, the inception date on which the new contract was made is reported.

- 1 Loan acquisitions in which the economic transfer of the instrument takes place from
 2 a transferor to the observed agent, achieved either by transfer of ownership or by
 3 sub-participation, do not affect the inception date of the instrument as such. Thus,
 4 the initial inception date remains unchanged.

Example 8: Inception date in the case of loan acquisition

Bank#1 originated on 1 June 2016 (contract identifier Con#1) a loan (BnkLn#1) that was disbursed on 25 June 2016. Later, the loan became non-performing, and Bank#1 sold it on 14 December 2018 on the basis of sale contract SICntr#1 to Bnk#2, which is an observed agent. Bnk#2, which purchased this loan, identifies the loan as NPLn#4. Table 20 provides an illustration of how Bnk#2 reports the loan in the instrument dataset as of 31 December 2018.

Table 20 Indication of the instrument data reported as of 31 March

Reporting reference date	Observed agent identifier	Contract identifier	Instrument identifier	Inception date	Settlement date
31/12/2018	BNK#2	CON#1	NPLN#4	01/06/2016	25/06/2016

Please note that the inception date for the instrument is the original inception date rather than the date on which Bnk#2 acquired the loan.

- 5 The inception date for any debit balances on current accounts where there is no
 6 contractual agreement on a credit limit supporting the debit balance is reported as
 7 the actual settlement date on which the current debit balance occurred (cf. the
 8 instrument type “overdrafts” in Section 3.4.1).

9 *Revision mark: an illustration of*
 10 *reporting in the case of*
renegotiation of an existing current
account is included in line with
Q&A 2018/0002

Please refer to [Example 9](#) for an illustration of reporting in the case of renegotiation of an existing current account and changes to the account’s attributes.

Example 9: Renegotiation of an existing current account and the inception date

A debtor holds current account CA1. Initially (at time t_0), the current account does not have an agreed credit limit, and at time t_1 it goes into debit (i.e. there is an unauthorised debit balance). Thereafter, the credit institution and the debtor agree a credit limit for the current account.

In such instances, the choice of reporting option depends on whether the reporting agent regards moving from an unauthorised overdraft to an agreed overdraft as a renegotiation or a new instrument.

In the former case, the change is reported using the same methodological approach as for any other renegotiated instrument – i.e. the date and status of the renegotiation should be reported, attributes which are renegotiated are adjusted accordingly, and the inception date and the settlement date remain unchanged.

In the latter case, however, the change should be reported as a new instrument – i.e. with a new contract, a new inception date and other data attributes reported in accordance with the conditions in the contract.

11 *Revision mark: further examples*
 12 *are added regarding the inception*
date of “other loans”

For an illustration of the reporting of the data attribute “inception date” in the case of “other loans”, please refer to the following example.

Example 10: Inception date for “other loans” resulting from off-balance-sheet commitments

For “other loans” that are outstanding balances stemming from credits as a result of called and unpaid financial and non-financial guarantees given, the inception date is the date when the guarantee contract was originated (on which the guarantee was extended), and the settlement date is the date when the guarantor recognises the called amount as an asset (although the amount is disbursed after that date).

In a similar vein, for “other loans” which are amounts due as a result of unsettled transactions in derivatives with a positive value for the holder, both the inception date and the settlement date are the date when the derivative was not settled and, consequently, recognised as a loan.

3.4.5 Settlement date

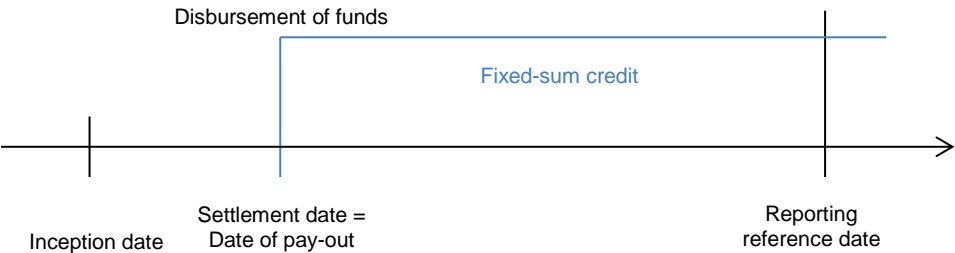
Definition: The date on which the conditions specified in the contract are or can be executed for the first time, i.e. the date on which financial instruments are initially exchanged or created.

1 The settlement date of an instrument is the date on which the instrument was used
2 or drawn for the first time after the instrument’s inception date. In that sense, it is the
3 date on which (a part or all) funds are disbursed.

4 The settlement date refers to the instrument rather than to the contract on the basis
5 of which the instrument is created. In other words, in contrast to the inception date,
6 which is specified in the contract, the settlement date is instrument-specific based on
7 the actual usage of the terms specified under the contract.

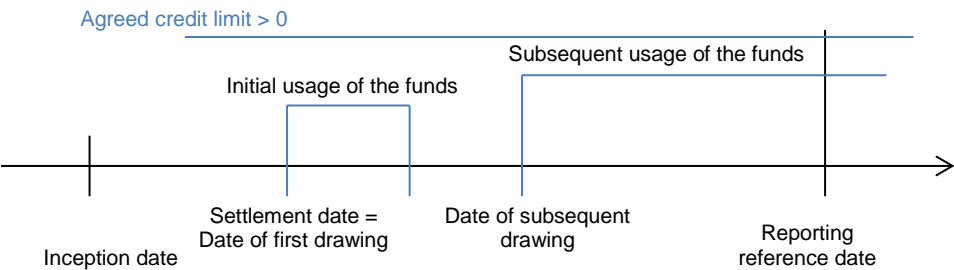
8 *Revision mark: further* In particular, the settlement date for fixed sum credits is the date of the pay-out of the
9 *clarifications are added in the* credit, if such a pay-out has taken place before or on the reporting reference date.
10 *following examples*

Figure 1 Settlement date for a fixed sum credit



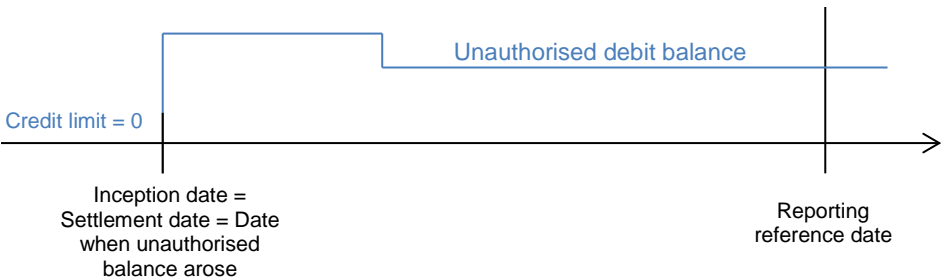
10 The settlement date for revolving credit instruments, where the debit balance can be
11 replenished by the debtor, is the first date on which the debtor has taken advantage
12 of the funds, irrespective of whether or not the funds are subsequently replenished.

Figure 2 Settlement date for an instrument of a revolving nature



1 The settlement date for debit balances on current accounts with no credit limit is the
2 date on which the debit balance (as outstanding at the reporting reference date)
3 arose. In this particular case the inception and settlement date are the same.

Figure 3 Settlement date for unauthorised debit balances



4 If no amount has ever been drawn
5 under the instrument, the
6 settlement date is reported as “non-
7 applicable” at the reporting
8 reference date

7 *Revision mark: clarification is*
8 *added concerning the settlement*
9 *date in the case of acquired*
10 *instruments*
11 Loan acquisitions in which the economic transfer of the instrument takes place from
12 a transferor to the observed agent, achieved either by transfer of ownership or by
13 sub-participation, do not affect the settlement date of the instrument as such. Thus,
14 in principle, the original settlement date remains unchanged.

11 *Revision mark: the inception date*
12 *in Table 21 is updated for INST#3*
13 For an illustration of how the settlement date is reported for reporting reference dates
14 before and after an instrument’s first usage, please refer to Table 13 and Table 14 in
Example 6 where a credit line other than revolving credit is presented. For further
examples of the settlement date, please refer also to Example 11 below.

Example 11: Determining the settlement date

Bank A had entered into contract CNT#1 on 5 March for the following three instruments for the reporting period with reference date 31/03/2019:

- a loan (Inst#1) where a fixed sum of €50,000 was disbursed to the customer on 15 March and repayments are made quarterly;
- a financing arrangement with a line of credit (Inst#2) where the instrument has been physically created and funds were made available totalling €100,000 but the client has made no withdrawals yet;
- a revolving line of credit (Inst#3) totalling €150,000 which was first activated (i.e. it can be used for the first time) on 7 March, whereas the client made two withdrawals on 9 and 23 March in the amounts of €30,000 and €40,000 respectively.

Following the stated logic, Table 21 illustrates the settlement dates for the three instruments.

Table 21 Determining the settlement date across products as of 31 March

Reporting date	Contract identifier	Instrument identifier	Outstanding nominal amount (financial dataset)	Off-balance-sheet amount (financial dataset)	Inception date (instrument dataset)	Settlement date (instrument dataset)
31/03/2019	CNT#1	INST#1	50,000.00	"Non-applicable"	05/03/2019	15/03/2019
31/03/2019	CNT#1	INST#2	0.00	100,000.00	05/03/2019	"Non- applicable"
31/03/2019	CNT#1	INST#3	70,000.00	80,000.00	05/03/2019	09/03/2019