

EBA FINAL draft Implementing Technical Standards

on supervisory reporting under Regulation (EU) No 575/2013



EBA FINAL draft Implementing Technical Standards on supervisory reporting under Regulation (EU) No 575/2013

Table of contents

1.	Executive Summary	1
2.	Background and rationale	4
3.	EBA FINAL draft Implementing Technical Standards on supervisory reporting	6
4.	Accompanying documents	21
4.1	Cost-Benefit Analysis / Impact Assessment	21
4.2	Feedback on the public consultation and on the opinion of the Banking Stakeholder Group	33

1. Executive Summary

The need for uniform reporting standards

One of the main responses to the latest financial crisis was the establishment of a single rulebook in Europe aimed at ensuring a robust and uniform regulatory framework to facilitate the functioning of the internal market and prevent regulatory arbitrage opportunities. The main legislative act to implement the single rulebook is the Capital Requirements Regulation (henceforth 'CRR') which sets out prudential requirements for institutions which are directly applicable as of 01.01.2014. The CRR includes a number of articles with specific mandates for the EBA to develop draft Implementing Technical Standards (henceforth 'ITS') relating to supervisory reporting requirements. These draft ITS are part of the single rulebook enhancing regulatory harmonisation in Europe, with the particular aim of specifying uniform formats, frequencies, dates of reporting, definitions and the IT solutions to be applied by credit institutions and investment firms in Europe.

Uniform reporting requirements are necessary to ensure fair conditions of competition between comparable groups of credit institutions and investment firms and will lead to greater efficiency for institutions and greater convergence of supervisory practices and allow supervisors to assess risks consistently across the EU, thus enabling them to compare banks effectively and identify emerging systemic risks.

Main features of the ITS

The ITS set out reporting requirements relating to own funds and own funds requirements, financial information, losses stemming from lending collateralised by immovable property, large exposures, leverage ratio and liquidity ratios. As the ITS follow the scope and level of application set out in the CRR, they apply to credit institutions and investment firms on both (i) an individual and (ii) a consolidated level, with the exception of financial information.

Financial information as part of the ITS

Under Article 99 CRR, financial information included in the ITS is to be reported, on a consolidated basis, by those institutions that either apply International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) or are required by the competent authorities to apply IFRS for the purposes of calculating their capital requirements. The same article also states that financial information is to be included to the extent it is necessary i) to obtain a comprehensive view of the risk profile of an institution, and ii) to assess systemic risks. Hence, the objective of the supervisory reporting covered in the ITS deviates from the objectives of IAS/IFRS. Therefore, to fulfil its purposes as set out in the CRR, ITS templates for financial reporting include, in certain cases, disclosure requirements not available in IAS/IFRS.

Given that there is as yet no harmonisation of the underlying accounting frameworks applied in the various Member States, the ITS take this into account in defining supervisory reporting requirements. The ITS are not intended to harmonise the underlying valuation measures.

Proportionality, frequency and dates of reporting

The scope and level of application of the ITS follow the scope and level of application of the CRR. As the ITS will apply to all institutions subject to supervision under CRR, reporting requirements have been developed taking into account the nature, scale and complexity of institutions' activities. Proportionality is an integral part of the ITS, with certain reporting requirements being applicable only to institutions using complex approaches to measure own funds requirements. The most burdensome data points do not have to be reported by all institutions but only by those institutions which have

significant risk exposures or significant activities. Quantitative criteria ensure a uniform application and are calibrated on the basis of information provided by competent authorities, with the aim of exempting institutions with insignificant activities or insignificant systemic importance.

The ITS set uniform frequencies on a template by template basis, taking into account the nature and stability of the information as well as the complexity and administrative burden involved for reporting institutions in collecting and reporting the information.

The ITS also set uniform remittance dates which ensure that reporting institutions submit information to competent authorities within a timeframe that represents a balance between timeliness and quality of reported data (to enable supervisory authorities to have an up-to-date image of the reporting institutions) and the administrative burden imposed on reporting institutions and competent authorities.

IT solutions for data submission

The EBA has decided that the use of its XBRL taxonomies should not be mandatory for institutions. The main reason for this is that the ITS cover only a small part of the whole reporting package of an individual institution and it is considered to be more beneficial, both by competent authorities and by reporting institutions, to maintain integrated reporting solutions as a unique national IT solution for the whole reporting package. This will allow competent authorities to collect data as part of their existing broader reporting framework, provided that the specifications included in these ITS are met.

The EBA will develop and maintain a formal data model as well as XBRL taxonomies that incorporate the requirements of the ITS. These products will be publicly available and are recommended to be used by competent authorities and institutions when implementing ITS requirements.

Application date and provisions to facilitate implementation

Institutions are required to comply with new CRR requirements as of 01.01.2014. Competent authorities will have to check institutions' compliance with new CRR requirements as of the CRR application date. Therefore, the first quarterly reporting period thereafter is Q1 2014, with the first reporting reference date being 31.03.2014.

In order to provide for a sufficiently long implementation period, the ITS requirements relating to financial information will apply only as of the third quarter of 2014, with the first reference date for financial information being 30.09.2014. As regards quarterly reporting requirements, and in order to ease the implementation burden for reporting institutions, the remittance period for the first submission of data relating to the reference date of 31.03.2014 has been extended, with reporting institutions having to submit data to competent authorities by 30.06.2014. As regards the monthly reporting requirements on the Liquidity Coverage Ratio, the first reporting reference date has been delayed and set to 31.03.2014 and the remittance period for the monthly data submissions in 2014 has been extended to 30 calendar days.

Maintenance and future updates of the ITS

The ITS represent an implementation of the single rulebook at a reporting level and hence will need to be updated whenever the single rulebook is updated. In particular, other technical standards which have to be developed by the EBA might have an impact on the ITS. Amendments to IAS/IFRS might also impact the ITS. The next update of the ITS is expected to be published in the second half of 2013 as a result of additional reporting requirements regarding asset encumbrance, non-performing loans and forbearance, proposals for which have recently been the subject of public consultation.

2. Background and rationale

Part of a single rulebook

One of the main responses to the latest financial crisis was the establishment of a single rulebook in Europe aimed at ensuring a robust and uniform regulatory framework to facilitate the functioning of the internal market and prevent regulatory arbitrage opportunities. A single rulebook also reduces regulatory complexity and firms' compliance costs, especially for institutions operating on a cross-border basis. These draft ITS form part of this single rulebook in Europe and become directly applicable in all Member States once adopted by the European Commission.

Importance of uniform reporting requirements in the light of changes to the supervisory system in Europe

These draft ITS are intended to reduce asymmetries of information between supervisory authorities and financial institutions and to increase the effectiveness of monitoring and supervising financial institutions. Uniform reporting requirements in all Member States ensure data availability and comparability and hence facilitate a proper functioning of cross-border supervision. This is particularly important for the EBA and the ESRB, which rely on comparable data from competent authorities in performing the tasks with which they have been entrusted. Uniform reporting requirements are also crucial for the ECB in its future role of supervising institutions in the Euro area.

The nature of ITS under EU law

These draft ITS have been produced in accordance with Article 15 of the EBA Regulation¹. Under Article 15(4) of the EBA Regulation, they are to be adopted by means of regulations or decisions.

Under EU law, EU regulations are binding in their entirety and directly applicable in all Member States. This means that, on the date of their entry into force, they become part of the national law of the Member States and that their transposition into national law is not only unnecessary but also prohibited by EU law, except in so far as this is expressly required by them.

Shaping these rules in the form of a regulation would ensure a level-playing field by preventing diverging national requirements and would ease the cross-border provision of services, since each time an institution wishes to take up operations in another Member State it currently has to assess a different set of rules.

Background and regulatory approach followed in the draft ITS

Originally there were different supervisory reporting frameworks in the various Member States. As this led to inefficient outcomes and increased costs for cross-border firms, national supervisory authorities, in the context of their co-operation within the Committee of European Banking Supervisors (CEBS), the predecessor of the EBA, developed guidelines regarding supervisory reporting requirements.

In January 2006, the CEBS issued Guidelines on a common reporting framework (COREP) to be used by institutions when they periodically report their capital requirements to supervisory authorities under Directives 2006/48/EC and 2006/49/EC. The Committee issued several recast versions of COREP incorporating amendments stemming from changes in the recast Directives 2006/48/EC and 2006/49/EC (CRD). The latest version of COREP was published in April 2011 on the EBA website.

In December 2005, the CEBS issued Guidelines on a financial reporting framework (FINREP) for credit institutions designed for credit institutions that use IAS/IFRS for their published financial statements. The latest version of FINREP was published in December 2009 on the CEBS website.

¹ Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority)

In the context of the single rulebook, the harmonisation of supervisory reporting requirements is the next step and the CRR requires the EBA to develop ITS on supervisory reporting to cover both prudential and financial information, the latter to the extent necessary to obtain a comprehensive view of the risk profile of an institution's activities. With that in mind, the present ITS have been developed on the basis of the COREP and FINREP guidelines, because these have already been implemented in various Member States and have been proved in practice to improve convergence in the field of supervisory reporting.

Given that there is as yet no harmonisation of the underlying accounting frameworks applied in the various Member States, the ITS have taken this into account when defining the formats and frequency of supervisory reporting. The ITS are not intended to harmonise the underlying valuation measures.

The EBA has launched several public consultations on the different parts of the ITS, the first public consultation having started in December 2011. On the basis of the feedback received during these public consultations amendments to the ITS have been made, leading to final requirements which represent a balance between supervisory needs for timely and sufficient data and the administrative burden imposed on reporting institutions and competent authorities.

3. EBA FINAL draft Implementing Technical Standards on supervisory reporting

Table of contents

CHAPTER 1 Subject matter, Scope and Definitions	
CHAPTER 2 Reporting reference and remittance dates	
CHAPTER 3 Format and frequency of reporting on own funds and own funds requirements and financial information	
Section 1 Format and frequency of reporting on own funds and own funds requirements	
Section 2 Format and frequency of reporting on financial information	
CHAPTER 4 Format and frequency of reporting on losses stemming from lending collateralised by immovable property	
CHAPTER 5 Format and frequency of reporting on large exposures	
CHAPTER 6 Format and frequency of reporting on leverage ratio	
CHAPTER 7 Format and frequency of reporting on liquidity	
CHAPTER 8 IT solutions for the submission of data from institutions to competent authorities	
CHAPTER 9 Final provisions	

Annex I templates for reporting own funds and own funds requirements	
Annex II instructions for reporting own funds and own funds requirements	
Annex III templates for reporting financial information according to IFRS	
Annex IV templates for reporting financial information according to national accounting frameworks	
Annex V instructions for reporting financial information	
Annex VI templates for reporting losses stemming from lending collateralised by immovable property	
Annex VII instructions for reporting losses stemming from lending collateralised by immovable property	
Annex VIII templates for reporting large exposures	
Annex IX instructions for reporting large exposures	
Annex X templates for reporting leverage ratio	
Annex XI instructions for reporting leverage ratio	
Annex XII templates for reporting liquidity ratios	
Annex XIII instructions for reporting liquidity ratios	
Annex XIV data point model	
Annex XV validation formulae	



EUROPEAN COMMISSION

Brussels, **XXX**
[...] (2013) **XXX** draft

COMMISSION IMPLEMENTING REGULATION (EU) No .../..

of **XXX**

[...]

Draft

COMMISSION IMPLEMENTING REGULATION (EU) No XX/2013 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council

of XXX

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 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 and in particular Articles 99 (5) fourth subparagraph; 99 (6) fourth subparagraph; 101 (4) third subparagraph; 394 (4) third subparagraph; 415 (3) fourth subparagraph; and 430 (2) third subparagraph thereof,

Whereas:

- (1) Without prejudice to the competent authorities' powers under Article 104 (1) (i) of Directive 2013/36/EU, with a view to increasing efficiency and reducing the administrative burden, a coherent reporting framework should be established on the basis of a harmonised set of standards.
 - (2) The nature and complexity of institutions' activities (e.g. trading book/non trading book, approaches used for credit risk) determine the extent of the reporting obligations of institutions. Besides this 'automatic' proportionate application of this Regulation, other mechanisms should also be included in this Regulation, in order to allow institutions to opt for the application of this Regulation in a manner more proportionate to their potentially different nature, scale and complexity. Thus, in order to reduce the reporting burden to institutions, reduced frequencies of reporting of certain templates should be introduced. Further, in order to take into account the nature, scale and complexity of institutions, template-specific materiality thresholds, should be introduced before certain reporting requirements are triggered.
 - (3) Where reporting requirements are based on quantitative thresholds, in order to ensure a smooth transition, template-specific entry and exit criteria should be introduced.
 - (4) Institutions applying an accounting year that is different from the calendar year should be allowed to adjust reporting reference dates and remittance dates for reporting financial information, in order to alleviate, for such institutions, the burden of preparing the accounts for two different periods.
 - (5) Financial information covers information on institutions' financial situation and potential systemic risks. The basic information on the financial situation is complemented with more detailed breakdowns to provide supervisors with information on risks of different activities. Institutions should therefore provide granular and uniform data especially on geographical and counterparty sector breakdowns of exposures and funding in order to provide supervisory authorities with information on potential concentrations and build-ups of systemic risks.
-

-
- (6) In order to ensure consistency and comparability of information, where competent authorities require institutions to report information on own funds by using International Financial Reporting Standards (IFRS), as applicable under Regulation 1606/2012, and extends this reporting requirement also to the reporting of financial information, institutions should report financial information in a manner similar to that of institutions preparing their consolidated accounts using IFRS, as applicable under Regulation 1606/2012.
- (7) Similarly, in order to ensure consistency and comparability of information, where competent authorities require institutions using national accounting standards to report financial information by virtue of Article 99 (6), these institutions should report financial information in a manner similar to that of institutions using IFRS, as applicable under Regulation 1606/2012, for reporting adjusted based on national accounting standards.
- (8) As there is a multitude of different reporting requirements at national and European level for purposes other than those covered by this Regulation (such as statistical data, monetary data, Pillar II data), the requirements of this Regulation form only a part of the overall reporting framework. Using one IT solution for all data submissions to a given competent authority, i.e. an IT solution which applies to the overall reporting framework is more cost efficient compared to specifying different IT solutions for individual parts of the overall reporting framework. In order to avoid having to require institutions to report the information covered by this Regulation in one specific IT solution while applying other IT solutions for the other reporting requirements with the view to avoiding unjustified implementation and operating costs, a Data Point Model and defined minimum precision requirements should be developed, so as to ensure that the different IT solutions in place produce harmonised data as well as reliable data quality. Further, in order to reduce the reporting burden for institutions, provided that the requirements of this Regulation are fully met, competent authorities should be allowed to continue to define alternative presentations and data exchange formats currently also used for other reporting purposes. In this respect competent authorities should be allowed to not require data points that can be derived from other data points included in the data point model included in this Regulation, or data points referred to information that is already collected by the competent authority.
- (9) Given the novelty of reporting requirements in some jurisdictions in relation to financial information and in relation to liquidity reporting requirements, and with the view to providing institutions with adequate time to implement the requirements of this Regulation in a manner that will produce data of high quality, a deferred application date should apply in relation to these reporting requirements.
- (10) The provisions in this Regulation are closely linked, since they deal with institutions' reporting requirements. To ensure coherence between those provisions, which should enter into force at the same time, and to facilitate a comprehensive view and compact access to them by persons subject to those obligations, it is desirable to include all related implementing technical standards required by Regulation (EU) No 575/2013 in a single Regulation.
- (11) This Regulation is based on the draft implementing technical standards submitted by the European Supervisory Authority (European Banking Authority - EBA) to the Commission.
- (12) The European Supervisory Authority (European Banking Authority) has conducted open public consultations on the draft implementing technical standards 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.

HAS ADOPTED THIS REGULATION:

CHAPTER 1

Subject matter and scope,

Article 1

Subject matter and scope

This Regulation lays down uniform requirements for all institutions subject to Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms in relation to supervisory reporting to competent authorities for the following areas:

- (a) Own funds requirements and financial information according to Article 99 of Regulation (EU) No 575/2013;
- (b) Losses stemming from lending collateralised by immovable property according to Article 101(4)(a) of Regulation (EU) No 575/2013;
- (c) Large exposures and other largest exposures according to Article 394(1) of Regulation (EU) No 575/2013;
- (d) Leverage ratio according to Article 430 of Regulation (EU) No 575/2013;
- (e) Liquidity Coverage requirements and Net Stable Funding requirements according to Article 415 of Regulation (EU) No 575/2013.

CHAPTER 2

Reporting reference and remittance dates and reporting thresholds

Article 2

Reporting reference dates

1. Institutions shall submit information to competent authorities as it stands on the following reporting reference dates:
 - (a) Monthly reporting: on the last day of each month;
 - (b) Quarterly reporting: 31 March, 30 June, 30 September and 31 December;
 - (c) Semi-annual reporting: 30 June and 31 December;
 - (d) Annual reporting: 31 December.
 2. Information submitted pursuant to the templates set out in Annex III and Annex IV according to the instructions in Annex V referring to a certain period shall be reported cumulatively from the first day of the accounting year to the reference date.
 3. Where institutions are permitted by national laws to report their financial information based on their accounting year-end which deviates from the calendar year, reporting reference dates may be adjusted accordingly, so that reporting of financial information is done every three, six or twelve months from their accounting year-end, respectively.
-

Article 3

Reporting remittance dates

1. Institutions shall submit information to competent authorities by close of business of the following remittance dates:
 - (a) Monthly reporting: 15th calendar day after the reporting reference date;
 - (b) Quarterly reporting: 12 May, 11 August, 11 November and 11 February;
 - (c) Semi-annual reporting: 11 August and 11 February;
 - (d) Annual reporting: 11 February.
2. If the remittance day is a public holiday in the Member State of the competent authority to which the report is to be provided, or a Saturday or a Sunday, data shall be submitted on the following working day.
3. Where institutions report their financial information using adjusted reporting reference dates based on their accounting year-end as set out in Article 2 paragraph 3, the remittance dates may also be adjusted accordingly so that the same remittance period from the adjusted reporting reference date is maintained.
4. Institutions may submit unaudited figures. Where audited figures deviate from submitted unaudited figures, the revised, audited figures shall be submitted without undue delay. Unaudited figures are figures that have not received an external auditor's opinion whereas audited figures are figures audited by an external auditor expressing an audit opinion.
5. Other corrections to the submitted reports shall also be submitted to the competent authorities without undue delay.

Article 4

Reporting thresholds - entry and exit criteria

1. Institutions shall start reporting information subject to thresholds from the next reporting reference date where they have exceeded the threshold on two consecutive reporting reference dates.
2. For the first two reporting reference dates on which institutions have to comply with the requirements of this Regulation, institutions shall report the information subject to thresholds if they exceed the relevant thresholds on the same reporting reference date.
3. Institutions may stop reporting information subject to thresholds from the next reporting reference date where they have fallen below the relevant thresholds on three consecutive reporting reference dates.

CHAPTER 3

Format and frequency of reporting on own funds, own funds requirements and financial information

Section 1

Format and frequency of reporting on own funds and own funds requirements

Article 5

Format and frequency of reporting on own funds and on own funds requirements for institutions on an individual basis, except for investment firms subject to article 95 and 96 of Regulation (EU) No 575/2013

In order to report information on own funds and on own funds requirements according to Article 99 of Regulation (EU) No 575/2013 on an individual basis, institutions shall submit all of the following information:

(a) They shall submit the following information with a quarterly frequency:

- (1) the information relating to own funds and own funds requirements as specified in templates 1 to 5 of Annex I, according to the instructions in Part II point 1 of Annex II;
 - (2) the information on credit risk and counterparty credit risk exposures treated under the Standardised Approach as specified in template 7 of Annex I, according to the instructions in Part II point 3.2 of Annex II;
 - (3) the information on credit risk and counterparty credit risk exposures treated under the Internal Rating Based Approach as specified in template 8 of Annex I, according to the instructions in Part II point 3.3 of Annex II;
 - (4) the information on the geographical distribution of exposures by country as specified in template 9 of Annex I, according to the instructions in Part II point 3.4 of Annex II, where non-domestic original exposures in all 'non-domestic' countries in all exposures classes, as reported in row 830 of template 4 of Annex I, are equal or higher than 10% of total domestic and non domestic original exposures as reported in row 840 of template 4 of Annex I. For this purpose exposures shall be deemed to be domestic where they are exposures to counterparties located in the Member State where the institution is located. The entry and exit criteria of Article shall 4 apply.
 - (5) the information on equity exposures treated under the Internal Ratings Based Approach as specified in template 10 of Annex I, according to the instructions in Part II point 3.5 of Annex II;
 - (6) the information on settlement risk as specified in template 11 of Annex I, according to the instructions in Part II point 3.6 of Annex II;
 - (7) the information on securitisations exposures treated under the Standardised Approach as specified in template 12 of Annex I, according to the instructions in Part II point 3.7 of Annex II;
 - (8) the information on securitisation exposures treated under the Internal Rating Based Approach as specified in template 13 of Annex I, according to the instructions in Part II point 3.8 of Annex II;
 - (9) the information on own funds requirements and losses relating to operational risk as specified in template 16 of Annex I, according to the instructions in Part II point 4.1 of Annex II;
-

-
- (10) the information on own funds requirements relating to market risk as specified in templates 18 to 24 of Annex I, according to the instructions in Part II point 5.1 to 5.7 of Annex II;
 - (11) the information on own funds requirements relating to credit valuation adjustment risk as specified in template 25 of Annex I, according to the instructions in Part II point 5.8 of Annex II.
 - (12) the information as specified in Annex VIII according to the instructions in Annex IX related to exposures not considered large exposures in accordance with Article 392 of Regulation (EU) No 575/2013, which have an exposure value larger than or equal to 300 million EUR.
- (b) They shall submit the following information with a semi-annual frequency:
- (1) the information on all securitisation exposures as specified in template 14 of Annex I, according to the instructions in Part II point 3.9 of Annex II.
 - (2) the information on material losses regarding operational risk in the following manner:
 - (i) institutions which calculate own funds requirements relating to operational risk according to Part 3, Title III, Chapters 3 or 4 of Regulation (EU) No 575/2013 shall report this information as specified in template 17 of Annex I, according to the instructions in Part II point 4.2 of Annex II;
 - (ii) institutions whose ratio of their individual balance sheet total on the sum of individual balance sheet totals of all institutions within the same Member State is below 1% may only report the information as specified in template 17 of Annex I according to the instructions Part II point 4.2 of Annex II. Balance sheet total figures shall be based on year-end figures for the year before the year preceding the reporting reference date. The entry and exit criteria of Article 4 shall apply;
 - (iii) institutions which calculate the own funds requirements relating to operational risk according to Part Three, Title III, Chapter 2 of Regulation (EU) No 575/2013 are entirely exempted from reporting information referred to in template 17 of Annex I and Part II point 4.2 of Annex II.

Article 6

Format and frequency of reporting on own funds and own funds requirements on a consolidated basis, except for groups which only consist of investment firms subject to articles 95 and 96 of Regulation (EU) No 575/2013

In order to report information on own funds and own funds requirements according to Article 99 of Regulation (EU) No 575/2013 on a consolidated basis, institutions in a member state shall submit:

- (a) the information specified in Article 4 in the frequency specified therein but on a consolidated basis;
- (b) the information specified in template 6 of Annex I according to the instructions provided in Part II point 2 of Annex II regarding entities included in the scope of consolidation, with a semi-annual frequency.

Article 7

Format and frequency of reporting on own funds and own funds requirements for investment firms subject to Articles 95 and 96 Regulation (EU) No 575/2013 on an individual basis

1. In order to report information on own funds and on own funds requirements according to Article 99 of Regulation (EU) No 575/2013 on an individual basis, investment firms subject to Article 95 of Regulation (EU) No 575/2013 shall submit the information specified in templates 1 to 5 of Annex I, according to the instructions in Part II point 1 of Annex II with a quarterly frequency.
2. In order to report information on own funds and own funds requirements according to Article 99 of Regulation (EU) No 575/2013 on an individual basis, investment firms subject to Article 96 Regulation (EU) No 575/2013 shall submit the information specified in Article 5 points a and b (1) with the frequency specified therein.

Article 8

Format and frequency of reporting on own funds and own funds requirements for groups which only consist of investment firms subject to Article 95 and 96 Regulation (EU) No 575/2013 on a consolidated basis

1. In order to report information on own funds and on own funds requirements according to Article 99 of Regulation (EU) No 575/2013 on a consolidated basis, investment firms of groups which consist only of investment firms subject to Article 95 Regulation (EU) No 575/2013 shall submit the following information on a consolidated basis:
 - (a) the information on own funds and own funds requirements as specified in templates 1 to 5 of Annex I according to the instructions in Part II point 1 of Annex II, with a quarterly frequency;
 - (b) the information on own funds and own funds requirements regarding entities included in the scope of consolidation as specified in template 6 of Annex I, according to the instructions in Part II point 2 of Annex II, with a semi-annual frequency.
2. In order to report information on own funds and on own funds requirements according to Article 99 of Regulation (EU) No 575/2013 on a consolidated basis, investment firms of groups which consist of investment firms subject to both Article 95 and Article 96 as well as groups which consist only of investment firms subject to Article 96 Regulation (EU) No 575/2013 shall submit the following information on a consolidated basis:
 - (a) the information specified in Article 5 points a and b (1) with the frequency specified therein;
 - (b) the information regarding entities included in the scope of consolidation as specified in template 6 of Annex I, according to the instructions of Part II point 2 of Annex II, with a semi-annual frequency.

Section 2

Format and frequency of reporting on financial information on a consolidated basis

Article 9

Format and frequency of reporting on financial information for institutions subject to Article 4 of Regulation (EC) No 1606/2002 and other credit institutions applying Regulation (EC) No 1606/2002 on a consolidated basis

In order to report financial information on a consolidated basis according to Article 99 (2) of Regulation (EU) No 575/2013 on a consolidated basis, institutions in a Member State shall submit the information specified in Annex III, according to the instructions in Annex V on a consolidated basis, with the following specifications:

- (a) the information specified in Part 1 of Annex III with a quarterly frequency;
- (b) the information specified in Part 3 of Annex III with a semi-annual frequency;
- (c) the information specified in Part 4 of Annex III with an annual frequency;
- (d) the information specified in template 20 in Part 2 of Annex III with a quarterly frequency in the manner provided in Article 5 (a) (4). The entry and exit criteria of Article 4 shall apply;
- (e) the information specified in template 21 in Part 2 of Annex III where tangible assets subject to operating leases are equal or higher than 10% of total tangible assets as reported in template 1.1 in Part 1 of Annex III with a quarterly frequency. The entry and exit criteria of Article 4 shall apply;
- (f) the information specified in template 22 in Part 2 of Annex III where net fee and commission income is equal or higher than 10% of the sum of net fee and commission income and net interest income as reported in template 2 in Part 1 of Annex III with a quarterly frequency. The entry and exit criteria of Article 4 shall apply.

Article 10

Format and frequency of reporting on financial information for credit institutions applying Regulation (EC) No 1606/2002 on a consolidated basis, by virtue of Article 99(3) Regulation (EU) No 575/2013

Where a competent authority has extended the reporting requirements of financial information on a consolidated basis to institutions in a Member State in accordance with Article 99(3) Regulation (EU) No 575/2013, institutions shall submit financial information according to Article 9.

Article 11

Format and frequency of reporting on financial information for institutions applying national accounting frameworks developed under Directive 86/635/EEC on a consolidated basis

Where a competent authority has extended the reporting requirements of financial information on a consolidated basis to institutions in a Member State in accordance with Article 99(6) Regulation (EU) No 575/2013, institutions shall submit the information specified in Annex IV, according to the instructions in Annex V on a consolidated basis, with the following specifications:

- (a) the information specified in Part 1 of Annex IV with a quarterly frequency;
 - (b) the information specified in Part 3 of Annex IV with a semi-annual frequency;
-

(c) the information specified in Part 4 of Annex IV with an annual frequency;

(d) the information specified in template 20 in Part 2 Annex IV with a quarterly frequency in the manner provided in Article 5 (a) (4). The entry and exit criteria of Article 4 shall apply;

(e) the information specified in template 21 in Part 2 of Annex IV where tangible assets subject to operating leases are equal or higher than 10% of total tangible assets as reported in template 1.1 in Part 1 of Annex IV with a quarterly frequency. The entry and exit criteria of Article 4 shall apply;

(f) the information specified in template 22 in Part 2 of Annex IV where net fee and commission income is equal or higher than 10% of the sum of net fee and commission income and net interest income as reported in template 2 in Part 1 of Annex IV with a quarterly frequency. The entry and exit criteria of Article 4 shall apply.

CHAPTER 4

Format and frequency of specific reporting obligations on losses stemming from lending collateralised by immovable property according to Article 101 of Regulation (EU) No 575/2013

Article 12

1. Institutions shall submit information as specified in Annex VI according to the instructions in Annex VII on a consolidated basis with a semi-annual frequency.
2. Institutions shall submit information as specified in Annex VI according to the instructions in Annex VII on an individual basis with a semi-annual frequency.
3. Branches in another Member State shall also submit to the competent authority of the host Member State information as specified in Annex VI according to the instructions in Annex VII related to that branch with a semi-annual frequency.

CHAPTER 5

Format and frequency of reporting on large exposures on an individual and a consolidated basis

Article 13

1. In order to report information on large exposures to clients and groups of connected clients according to Article 394(1) of Regulation (EU) No 575/2013 on an individual and a consolidated basis, institutions shall submit the information specified in Annex VIII according to the instructions in Annex IX, with a quarterly frequency.
 2. In order to report information on the twenty largest exposures to clients or groups of connected clients according to the last sentence of Article 394(1) of Regulation (EU) No 575/2013 on a consolidated basis, institutions which are subject to Part three, Title II, Chapter 3 of Regulation (EU) No 575/2013 shall submit the information specified in Annex VIII according to the instructions in Annex IX, with a quarterly frequency.
-

3. In order to report information on the ten largest exposures to institutions as well as on the ten largest exposures to unregulated financial entities according to Article 394(2) of Regulation (EU) No 575/2013 on a consolidated basis, institutions shall submit the information specified in Annex VIII according to the instructions in Annex IX, with a quarterly frequency.

CHAPTER 6

Format and frequency of reporting on leverage ratio on an individual and a consolidated basis

Article 14

1. In order to report information on the leverage ratio according to Article 430 (1) of Regulation (EU) No 575/2013 on an individual and a consolidated basis, institutions shall submit the information specified in Annex X according to the instructions in Annex XI, with a quarterly frequency.

2. The reporting of this data shall reflect the methodology applicable for the calculation of the leverage ratio, either as the simple arithmetic mean of monthly data over the quarter, as per Article 429(2) of Regulation (EU) No 575/2013, or, where competent authorities have exercised the derogation in Article 499 (3) of the Regulation (EU) No 575/2013, as end of quarter leverage ratio.

3. Institutions are required to report the information referred to in paragraph 22 of Part II of Annex XI in the next reporting period, if one of the following conditions is met:

- (a) The derivatives share referred to in paragraph 15 of Part II of Annex XI is more than 1.5%;
- (b) The derivatives share referred to in paragraph 15 of Part II of Annex XI exceeds 2.0%.

The entry criteria of Article 4 shall apply, except for point (b) where institutions shall start reporting information from the next reporting reference date where they have exceeded the threshold on one reporting reference date.

4. Institutions for which the total notional value of derivatives as defined in paragraph 17 of Part II of Annex XI exceeds 10 billion € shall report the information referred to in paragraph 22 of Part II of Annex XI, even though their derivatives share does not fulfil the conditions described in paragraph 3.

The entry criteria of Article 4 shall not apply for paragraph 4. Institutions shall start reporting information from the next reporting reference date where they have exceeded the threshold on one reporting reference date.

5. Institutions are required to report the information referred to in paragraph 23 of Annex XI in the next reporting period if one of the following conditions is met:

- a) The credit derivatives volume referred to in paragraph 18 of Part II of Annex XI is more than 300 million €;
 - b) The credit derivatives volume referred to in paragraph 18 of Part II of Annex XI exceeds 500 million €.
-

The entry criteria of Article 4 shall apply, except for point (b) where institutions shall start reporting information from the next reporting reference date where they have exceeded the threshold on one reporting reference date.

6. Where the threshold that is specified in paragraph 39 of Part II of Annex XI is in all cases not met, institutions shall be exempted from the requirement to report information as specified in paragraph 40 Part II of of Annex XI.

CHAPTER 7

Format and frequency of reporting on liquidity and on stable funding on an individual and a consolidated basis

Article 15

Format and frequency of reporting on liquidity coverage requirement

1. In order to report information on the liquidity coverage requirement according to Article 415 of Regulation (EU) No 575/2013 on an individual and consolidated basis, institutions shall submit the information specified in Annex XII according to the instructions in Annex XIII with a monthly frequency.
2. The information set out in Annex XII shall take into account the information submitted for the reference date and the information on the cash-flows of the institution over the following 30 calendar days.

Article 16

Format and frequency of reporting on stable funding

In order to report information on the stable funding according to Article 415 of Regulation (EU) No 575/2013 on an individual and consolidated basis, institutions shall submit the information specified in Annex XII according to the instructions in Annex XIII with a quarterly frequency.

CHAPTER 8

IT solutions for the submission of data from institutions to competent authorities

Article 17

1. Institutions shall submit the information specified in this Regulation in the data exchange formats and representations specified by competent authorities, respecting the data point definition included in the data point model specified in Annex XIV and the validation formulae specified in Annex XV as well as the following specifications:
 - (a) Not required or not applicable information shall not be included in a data submission;
 - (b) Numeric values shall be submitted as facts according to the following:
 - (i) Data points with the data type 'Monetary' shall be reported using a minimum precision equivalent to thousands of units;
-

(ii) Data points with the data type 'Percentage' shall be expressed as per unit with a minimum precision equivalent to four decimals;

(iii) Data points with the data type 'Integer' shall be reported using no decimals and a precision equivalent to units.

2. The data submitted by the institutions shall be associated with the following information:
- (a) Reporting reference date and reference period;
 - (b) Reporting currency;
 - (c) Accounting standard;
 - (d) Identifier of the reporting institution; and
 - (e) Level of application as individual or consolidated.

CHAPTER 9

Final provisions

Article 18

1. This Regulation shall enter into force twenty days following that of its publication in the Official Journal of the European Union.
2. This Regulation shall apply from 1 January 2014.
3. Section 2 of Chapter 3 shall apply from 1 July 2014.
4. Article 15 shall apply from 31 March 2014.
5. The remittance date for data with a quarterly reporting frequency relating to the reference date 31 March 2014 for information to be reported on an individual basis shall be the 30 May 2014 at the latest.
6. The remittance date for data with a quarterly reporting frequency relating to the reference date 31 March 2014 for information to be reported on a consolidated basis shall be the 30 June 2014 at the latest.
7. For the period from 31 March 2014 to 31 December 2014 as a deviation from point (a) of Article 3(1) the reporting remittance date relating to monthly reporting shall be the 30th calendar day after the reporting reference date.
8. This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Commission

The President/ On behalf of the President

[*Position*]

4. Accompanying documents

4.1 Cost-Benefit Analysis / Impact Assessment

4.1.1 Introduction

1. Under Article 15(1), second subparagraph, of the EBA Regulation, any draft implementing technical standards developed by the EBA – when submitted to the EU Commission for adoption – are to be accompanied by an Impact Assessment (IA) annex which analyses ‘the potential related costs and benefits’. Such annex should provide the reader with an overview of the findings as regards the problem identification, the options identified to remove the problem and their potential impacts.
2. This annex deals with cost-benefit analysis and impact assessment regarding all the areas covered by the ITS on reporting.

4.1.2 Problem definition

Issues addressed by the European Commission (EC) regarding reporting

3. Asymmetries of information between supervisory authorities and financial institutions persist in the EU and reduce the effectiveness of monitoring and supervising financial institutions. These asymmetries pose potential threats (either at the micro or macro level) to the financial stability of the banking sector.
 4. National reporting requirements are currently not harmonised, making the comparison of institutions a difficult task, hampering legal clarity and creating regulatory arbitrage opportunities. Such outcomes constitute a threat to the objective of financial stability and impede the creation of a level playing field within the Single Market.
 5. In its impact assessment of the CRD IV framework, the European Commission (EU) highlighted that the fragmentation of supervisory reporting practices across Member States:
 - (i) hampers effective communication and cooperation across supervisory authorities, which undermines the efficient monitoring of financial institutions operating on a cross-border basis. It also weakens supervisory convergence and cooperation practices within the Single Market. This puts financial stability and depositor protection at risk, particularly in stressed economic conditions when coordination between national supervisors is necessary;
 - (ii) imposes unduly large compliance burdens on cross-border institutions, because of different sets of requirements that apply at consolidated and subsidiary levels.
 6. To address these issues, the European Commission proposed that institutions use common formats, frequencies and definitions to report on a regular basis items in a certain number of areas, in particular regarding own funds, financial information, large exposures and concentration risk.
-

Issues addressed by the ITS and objectives common to all areas

7. Even if institutions are required to report the same list of items there is a risk that the content of the data to be reported will not be identical throughout the EU owing to different definitions of certain elements, reporting frequencies, date of reporting, etc. The present ITS will ensure the consistency of the reported data by providing detailed standards of reporting.
8. The present ITS specify the format of the templates that credit institutions should use and the information they should report to meet the requirements of the CRR. The proposals made in these ITS aim to achieve the two following objectives:
 - (i) To provide a reporting format that is as uniform as possible, in order to allow meaningful comparisons among the reporting entities by reducing the discrepancy in reporting requirements among Member States.
 - (ii) To provide a minimum level of granularity in reporting items so that users of the information may have sufficient information to monitor and assess the reporting institutions' compliance with the Regulation in place and to get a comprehensive picture of the reporting institutions' risk profile.

4.1.3 Specific objectives and technical options considered by areas

9. This section lists, for each area, the specific objectives considered when drafting the ITS. A short summary of the main technical options compared is provided with elements justifying how each option meets each objective. Whenever it was feasible, an analysis of the impact of the proposals on the institutions and relevant authorities has been included.

A. Own funds requirements and financial information

Specific objectives

10. The section on own funds requirements and financial information defines common contents, formats, frequencies and dates of reporting for the harmonised prudential reporting requirements mandated by Articles 99 and 101 CRR. During the development of this section, the EBA tried to strike the right balance between ensuring appropriate quality, timeliness, granularity and harmonisation of reported data and avoiding overly burdensome compliance obligations for financial institutions and operational costs for regulators.

Technical option considered

Frequency of reporting

11. Article 99 CRR requires the ITS to specify uniform reporting frequencies. However, depending on the different nature, size and complexity of the institution's activities, institutions that conduct less risky activities should be subject to less frequent reporting requirements.
-

-
12. An assessment has therefore been made to determine how to include some form of proportionality regarding reporting frequencies. The aim was to achieve a balance between timeliness and quality of reported data (to enable supervisory authorities to have an up-to-date image of the reporting institutions) and the administrative burden imposed on financial institutions and regulatory authorities by frequent data reporting.
13. In this area, the broad policy options discussed were:
- ▶ **Option A.1** – To require all items to be reported at the same frequency.
 - ▶ **Option A.2** – To require items to be reported at different frequencies depending on the type of data.
14. Under option A.1, all national authorities across the EU would receive regular updates of all data regarding own funds and financial information. However, a single frequency requirement may not be relevant for certain type of information. For example, a quarterly frequency may not be needed for data points that are likely to remain stable for a period exceeding three months, such as the composition of consolidated groups for instance. In contrast, for specific variables and indicators such as impaired assets, quarterly frequency (at least) is needed for supervisory activities to be effective.
15. Option A.2 would still allow the objective of effective supervision to be fully achieved, because the reporting frequency for different data variables and different reporting institutions would be tailored to the risks that each pose to financial stability and its supervision. Compared to option A.1, this option reduces the compliance burden, for both the financial institutions and the national authorities which supervise them. For this reason, Option A.2 was preferred as it achieves the proposed objectives while reducing the expected administrative burden.

Proportionate reporting reflecting nature, scale and complexity of institutions' activities

16. The CRR applies to all institutions regardless their size, risk profile and business model. Article 99 CRR requires the uniform reporting format to be proportionate to the nature, scale and complexity of institutions' activities. The detail of the submitted information has been set to achieve the right balance between the quality of reported data and the different administrative burden imposed on financial institutions characterised by activities of a different nature, scale and complexity.
17. Proportionality in the reporting requirement stems first from the approach used by the institution to calculate its capital requirements or from the activities it conducts. For example, an institution that uses the standardised approach to calculate its credit risk will have to report much less data as it will not have to report information on internal ratings-based (IRB) exposures. The ITS reporting framework for own funds and financial information follows this approach, on the basis of the inherent proportionality of the CRD.
18. Furthermore, the most burdensome data fields do not have to be reported by all institutions. This is the case for instance for institutions which have a significant level of non-domestic exposure in their balance sheet and have to report the geographical breakdown of assets. These institutions are required to submit information on the geographical distribution of those
-

exposures while institutions with predominantly domestic activities are exempt from such detailed reporting requirements.

Harmonisation of IT standards

19. Article 99 CRR requires the EBA to develop uniform IT solutions for the reporting of own funds, to eliminate differences in the use of data standards for electronic filing as well as in the submission requirements, so as to reduce the reporting burden for institutions. To achieve this, the IT reporting format should be structured in a clear, standardised and logical way and not allow diverging interpretations. XBRL taxonomies², which are based on internationally accepted standards developed for financial reporting, meet these criteria.
20. The EBA assessed whether data reporting standards based on XBRL should be applied on a mandatory basis for all reporting requirements of these ITS. The XBRL taxonomy acts as a dictionary of prudential terms providing a common IT solution for data definitions and calculation methods. Definition of all mathematical relationships within datasets will be included in the formula linkbase of the XBRL taxonomy, ensuring that no divergence can occur in calculating synthetic capital adequacy data. The reference linkbase of the XBRL taxonomy will contain all significant references to European Union law, and comments. It should facilitate a better understanding of the legal background to the prudential reporting data and make data analysis much easier for both the institutions and supervisory authorities.
21. A common XBRL taxonomy will allow software vendors to work out universal methodologies for the implementation of new reporting requirements. Universal implementation solutions available for all EU countries should make taxonomy implementation costs much lower for institutions and supervisory authorities (with economy of scale a universal 'mass' product will be always be cheaper than tailor-made ones for each Member State). It will also allow for common implementation solutions for data transposition from data warehouses within a banking group with subsidiaries in several EU countries (under the present COREP taxonomy, because of national discretions, this requires considerable effort on the part of cross-border banking groups to convert the data into several different taxonomies). According to an impact assessment performed by a consortium of consultancy firms at the request of the EU Commission³, the possible reduction in the reporting burden in countries that already use XBRL is 20%, whereas the potential reduction is 35% in countries where XBRL is not yet used.
22. The EBA has decided that the use of its XBRL taxonomies should not be mandatory for institutions. The EBA will develop and maintain a formal data model as well as XBRL taxonomies that incorporate the requirements of the ITS. These products will be publicly available and need to be used by competent authorities and institutions when implementing ITS requirements. An integration of new ITS reporting requirements into existing reporting

² The eXtensible Business Reporting Language (XBRL) is a member of the family of languages based on XML, or eXtensible Markup Language, which is the international standard for the electronic exchange of data between businesses on the internet. XBRL has been used by EU competent authorities since 2006 and is used by major regulators worldwide. EIOPA conducted a public consultation on XBRL in July 2011.

³ EU project on baseline measurement and reduction of administrative costs regarding the recommendation on the Financial Services Priority Area 'Harmonise the use of XBRL for prudential reporting', 31 March 2009.

frameworks seems more beneficial as the information required in these ITS covers only a small part of the whole reporting package of an individual institution (other areas of reporting include for instance monetary statistics, interest rates statistics, and credit registers). The benefit of integrated reporting solutions for the majority of reporting entities is a unique national format for the whole reporting package. This solution will allow competent authorities to collect data as part of their existing broader reporting framework, provided that minimum specifications included in these ITS are met.

B. Large exposures and other exposures

Specific objectives

23. *Granularity of the data requested* - The regulatory aim of collecting data for large exposures is to monitor the institutions' compliance with the large exposure limits specified in the CRR and to monitor concentration and contagion risks. In order to fulfil these two requirements and also take account of changes to the reporting requirements in Article 383 CRR, the CEBS guidelines on the reporting of large exposures had to be amended to fit analytical needs that did not exist when they were developed.
24. *Type of exposure requested for the reporting* - According to the CRR definition, an institution's exposure to a client or group of connected clients is to be considered a large exposure where its value is equal to or exceeds 10% of its eligible capital. From a macro-prudential point of view, this level is set too high to be able to use the related data for an effective assessment of concentration risk. For this reason, the EBA examined whether introducing an absolute threshold for reporting could help to capture better the relevant counterparties in a network and to facilitate macro-prudential analysis across institutions and countries.

Technical options considered

Common or separate reporting for compliance with the large exposure regime and the monitoring of concentration and contagion risk

25. The CRR requires the competent supervisory authorities to collect data in order to (i) monitor institutions' compliance with large exposure limits specified in the CRR and (ii) monitor concentration and contagion risks. To fulfil these requirements, the EBA has considered the two following options:
- ▶ **Option B.1** – To draft ITS that covers both (i) compliance with the large exposure regime and (ii) the monitoring of the concentration and contagion risk.
 - ▶ **Option B.2** – ITS to cover only (i) and create separate framework for (ii).
26. Option B.1 would ensure reliable and harmonised data for the EBA and the ESRB and would enhance the EBA's ability to assess risks and vulnerabilities, competent authorities' and supervisory colleges' peer group analyses and the ESRB's top-down simulations. Using bilateral interbank exposures facilitates the analysis of contagion effects within the financial system and therefore plays an important role in any kind of network analysis and crisis
-

simulation exercise. Option B.2 would allow additional data to be collected for the analysis of macro-prudential concentration and contagion risks in the European financial system but would also increase the reporting burden for institutions.

27. The EBA has retained option B.1 as an integrated large exposures (LE) reporting framework which will provide at least the same benefits at lower costs than the current situation, where two reporting requirements apply, one for compliance with the LE regime and one for monitoring concentration and contagion risk.

Granularity of the data requested

28. The EBA has identified gaps in the template included in the CEBS guidelines on the reporting of large exposures. These data gaps limit a proper assessment of concentration risk. In particular, the data collected made the classification of large exposures difficult. For this reason, the collection of additional data on the following elements was suggested:

- *The breakdown of the original exposure by type of instrument and by country.* This breakdown is essential for the ESRB to understand better the geographical allocation and sector concentration of the risks incurred by EU banks, especially in the domains of contagion amongst financial institutions and in the real economy and of interconnectedness across the national banking sectors. To reduce the burden on the institutions to a minimum, it was decided to use existing definitions for the type of instruments/sector breakdowns.
- *By economic sectors* - Regarding the distribution of large exposures by economic sectors (NACE codes), this data gap will be less challenging to fill as institutions already allocate exposures to economic sectors for credit register and statistical purposes. This allocation by economic sectors is already in use for reporting own funds and financial information. Furthermore, template 1 of the CEBS large exposures guidelines already includes a column for distinguishing credit institutions from non-credit institutions.

Threshold for reporting of exposures

29. According to the definition contained in Article 392 CRR, an institution's exposure to a client or group of connected clients is to be considered a large exposure where its value is equal to or exceeds 10% of its eligible capital. Because this measure is based on a relative threshold, the number and amount of exposures reported at institution and country level will vary significantly, depending on the level of capital of the institutions and the concentration of each banking system. Because the data collected may not be sufficient to allow an effective assessment of concentration risk, the following options were considered:

- **Option B.3** – Ask for reporting of exposures with a lower relative threshold (e.g. 2% of eligible capital)
- **Option B.4** – Absolute limit complementing the existing 10% threshold

30. Option B.4 was preferred as it permits the capture of additional information for large institutions for which a 10% threshold would capture only very large exposures. In calibrating the threshold, care has been taken not to increase the reporting burden for smaller institutions
-

and to ensure the threshold captures exposures that could be appropriated for the ESRB's macro-prudential analysis.

31. During the initial public consultation, a threshold of EUR 150 million had been proposed. This would have increased the number of exposures of all institutions holding eligible capital of more than EUR 1.5 billion. After taking into account the responses from the consultation, the EBA proposes increasing the threshold to EUR 300 million. This decision was taken in order to reduce the number of institutions which would have to report additional exposures and the volume of the additional exposures that would need to be reported by larger banks. An analysis conducted on a small sample of large banks established in 11 Member States showed that increasing the threshold from EUR 150 million to EUR 300 million would significantly reduce the number of exposures reported. Institutions reporting the smallest number of exposures in the sample would see the number of reported exposures fall between 40% and 89%; institutions reporting the highest number of exposures would see a fall between 19% and 57%. Increasing this threshold would reduce the resources needed to produce, control and check the large exposure data while still allowing an effective capture and monitoring of concentration risk in Member States where there are many large banks.

C. Leverage ratio

Specific objectives

32. The leverage ratio shall be taken into account under Article 85 and 94 CRD, when assessing the risk of excessive leverage. The EBA is also mandated in Article 482(2) CRR to assess whether the leverage ratio framework provided by the CRR and Articles 85 and 94 CRD is the appropriate tool to suppress the risk of excessive leverage on the part of institutions in a satisfactory manner and to a satisfactory degree. The reporting will facilitate a quantitative assessment of the consequences of introducing a leverage ratio.
33. While Article 417(1) CRR requires institutions to submit to the competent authorities all the necessary information on the leverage ratio and its components, as determined in accordance with Article 416 CRR, it neither specifies the level of detail for such reporting nor the reporting dates and frequencies. Under Article 417(2) CRR, the ITS on templates, dates and frequencies and IT solutions to be used for this reporting is to be drafted by the EBA. This should ensure that competent authorities receive all information on the leverage ratio and its components needed for the supervisory review and evaluation required under Article 94(6) CRD.
34. The objective of the draft ITS is to determine the uniform template, the instructions on how to use this template, the frequencies and dates of reporting and the IT solutions for the purposes of the leverage ratio reporting requirement. The draft ITS will assist institutions in fulfilling their reporting obligations under Article 417 CRR and will ensure that relevant data is available for the review of the appropriateness of the leverage ratio framework in 2016.
-

Technical options considered

Format of the template

35. Given that the leverage ratio is being introduced for the first time in the EU, a suitable reporting template needs to be developed. The EBA had to assess whether:
- ▶ **Option C.1** – To base the template on the template currently used as part of the Basel Quantitative Impact Study (QIS) monitoring exercise carried out by the Basel Committee on Banking Supervision (BCBS) or;
 - ▶ **Option C.2** – To develop a completely new reporting template.
36. Given the extensive crossover in terms of information reported in the Basel template, the limited time to develop the template and the desire to avoid an additional burden on institutions and competent authorities, the EBA decided to follow option C.1 and to base the template on the Basel format used in the QIS exercise. This template is publicly available and already familiar to the institutions participating in the QIS. Some adjustments to the Basel template were necessary to carry out the analysis required by the CRR and to accommodate all the specific EU provisions, for instance, the inclusion of the original exposure method for counterparty credit risk.
37. The EBA is aware that this template is unfamiliar to the majority of smaller European institutions. Consequently, the reporting template has been adapted, to the largest extent possible, on the basis of existing accounting and prudential measures. The format and data structure should therefore not be unknown, which should alleviate potential implementation issues for smaller institutions.

Scope of reporting and frequency

38. Proportionality of the reporting requirements is also an important consideration. The EBA has given due consideration to whether all institutions should be subject to all reporting fields. The issue of proportionality is particularly pertinent in relation to derivatives, given the relatively large number of cells in the template that are dedicated to derivative-related data (despite these positions only representing a small fraction of the leverage ratio total exposure for the majority of institutions). It was decided that the optimum approach in terms of incorporating proportionality into the ITS would be to require institutions to provide detailed data on derivatives only if certain thresholds are exceeded.
39. Institutions that do not exceed the thresholds would be subject to a reduced reporting requirement. In order to account appropriately for the relative importance of derivative positions, the EBA examined the possibility of calculating the thresholds by dividing the leverage ratio exposure value for derivatives by the leverage ratio total exposure measure. The EBA also analysed the data from the Basel III monitoring exercise as of end June 2011 (kindly provided by the Impact Study Group (ISG)) which charted the ratio of leverage ratio derivatives exposure to total exposure. On the basis of this analysis, the threshold range is set between 1.5% and 2.0% for non-credit derivatives. However, this range will be subject to further calibration based on on-going monitoring as further data points become available.
-

-
40. A similar threshold range has been set for credit derivatives reporting, in order to lighten the reporting burden on institutions with small credit derivatives exposures. This threshold is imposed on nominal amounts and is proposed to be set in the range of EUR 300m to EUR 500m.
41. Furthermore, for the purposes of leverage ratio template 6 (LR6) the EBA has introduced a threshold for reporting commercial entities (third column) which is informed by analysis of the data from the Basel III monitoring exercise. This threshold, which is currently set at 0.1%, is defined in terms of the total accounting value of the entity compared with the leverage ratio denominator of the institution. For those entities that fall below the threshold the more detailed part of LR6 does not have to be filled in. This reduces the administrative burden.
42. The proposed use of COREP templates for the reporting and monitoring of leverage ratio data means that different datasets will be produced for exposures under the standardised approach and under the IRB approach for credit risk (as COREP uses different templates for institutions using the standardised and the IRB approach). Given that the information available via the COREP templates is not completely aligned to that required in Panels C and G of the Basel monitoring template, it is inevitable that there will be some loss of granularity. The EBA has assessed what additional fields should be added to the relevant COREP reporting template so as to ensure that an appropriate level of information is still available (e.g. with respect to trade finance, settlement/custodian activities).
43. This approach seeks to strike a balance between reducing the reporting burden for institutions whilst not sacrificing the appropriate level of granularity required for analysis purposes. Separate documentation for institutions following the standardised approach for credit risk and the IRB approach will be required. It is proposed that the exposures under the standardised approach will be mapped to the relevant COREP template and the documentation for the exposures under the IRB approach will follow the Basel instructions. The reporting requirements for IRB institutions will increase in this regard.
44. In terms of the methods to be applied for netting purposes in the template for security financing transactions (SFTs), the method in LR1 reflects the approach included in the BCBS QIS exercise. This approach is different in its treatment of collateral and netting arrangements and is needed for the calibration of the leverage ratio exposure. For derivatives, LR1 contains a number of cells that relate to alternative treatments under discussion in the BCBS subgroup on the leverage ratio, and will be needed for the calibration of the leverage ratio exposure.
45. It is proposed that the frequency of reporting should be aligned with the reporting frequency applied to own funds requirements. This will allow institutions to develop a unified reporting framework.

Including leverage reporting alongside own fund and financial information reporting

46. The EBA mandate for leverage ratio reporting comprises the development of a uniform reporting template as prescribed by Article 417 CRR which, as well as facilitating supervisory review, should also inform a report to the Commission in terms of the monitoring exercise
-

under Article 482(2) CRR. The reporting template was therefore designed so that the information is also useful for fulfilling the monitoring mandate, while at the same time limiting the reporting burden for institutions.

47. Given that the EBA is mindful of the reporting burden imposed on institutions and of the need to draw on relevant information that is already reported, it is also proposed that insofar as possible the leverage ratio should be reported as part of the COREP framework. This would provide the benefit of enabling institutions to streamline their reporting of the leverage ratio as part of their overall reporting requirement and avoid double reporting of some measures.
48. Furthermore, part A of the leverage ratio reporting requirement is based on quarterly averages of monthly data, whereas COREP is based on quarterly reporting. This means that institutions will need to have the data available in the same format on a monthly basis. In those cases where competent authorities have permitted the derogation provided for by Article 475(2) CRR the reporting of leverage ratio will be reported only once.
49. The reporting of leverage ratio data will mean that institutions and competent authorities incur additional operational and compliance costs, particularly in terms of allocating additional resources and staff training. The proposal to rely, as much as possible, on the COREP reporting framework and on the relevant aspects of the Basel monitoring templates will help reduce the incremental economic impact of the leverage ratio reporting requirements for institutions and competent authorities.

D. Liquidity Coverage Ratio and Net Stable Funding Ratio

50. Article 415(3)(a) CRR requires the EBA to develop draft Implementing Technical Standards (ITS) on the reporting of liquidity coverage and stable funding. The EBA has to determine uniform templates, instructions on how to use them, and the frequency of and remittance dates for reporting.

Specific Objectives

51. The ITS will ensure that the CRD IV framework achieves its operational objective of developing an appropriately explicit and harmonised EU level regime for management of liquidity risk. The ITS will determine uniform templates and instructions on how to use them, the frequency of and dates for reporting as well as IT solutions for the purposes of liquidity reporting requirements. These draft ITS will assist institutions in fulfilling their reporting requirements under Article 415 CRR.

Technical options considered

52. The CRR allows the EBA some discretion to propose options on (i) whether to integrate liquidity reporting in the common reporting framework (COREP), (ii) the level of detail for some of the reporting items, (iii) the remittance dates, and (iv) the reporting of significant currencies. The appropriate balance between the required level of detail of the information submitted and the nature, scale and complexity of institutions' activities is imperative in the consideration of

reporting formats and frequencies. Given that uniform liquidity reporting requirements are being introduced for the first time in the EU, an appropriate reporting template needs to be developed.

Including the ITS as an annex to the COREP reporting standard

53. At this stage reporting is for the observation period for the liquidity standards, rather than a final standard. In the light of this, two alternatives have been considered:

- ▶ **Option D.1** – Following the approach chosen for the QIS based on a stand-alone Excel template, or
- ▶ **Option D.2** – Including liquidity risk reporting in the common reporting framework.

54. In term of benefits, both options would ensure that all supervisors in the EU receive the same information and allow more effective liquidity supervision. This could help reduce the probability of bank failure by enhancing firm monitoring and supervision, especially of large cross-border credit institutions, as well as bringing down the costs of reporting for cross-border institution by standardising report requirements at the EU level.

55. Option D.2 would also facilitate supervision at the national level and cooperation between national regulatory authorities as an established data infrastructure would make it easier to analyse and manipulate the data. Moreover, having liquidity reporting data transmitted alongside capital reporting would improve risk identification and management for cross-border institutions as both types of data would be readily available to supervisors. Option D.1 would also generate higher costs than option D.2, as an extra reporting form would require extra processes to be put in place, whereas there could be economies of scale if the data on liquidity accompany own fund and financial information reporting.

56. The EBA concluded that option D.2 is more likely to be cost effective. Furthermore, it is more likely to achieve the specific objectives that the EU Commission defined in its impact assessment, in particular:

- Reducing the compliance costs for cross-border credit institutions.
- Enhancing adequacy of capital and liquidity requirements: having liquidity reporting transmitted alongside capital reporting will improve risk identification and management for cross-border institutions.

Level of detail

57. In the absence of an adopted CRR, there has been no finalised list of liquid assets to be reported yet. Moreover, the position of both the ECOFIN and the European Parliament is that the EBA should collect information on certain assets for the purpose of its economic impact assessment even in cases where they would not meet certain criteria, e.g. central bank eligibility. The EBA proposes that the template includes those assets that were specifically listed in the Commission proposal.

Reporting in significant currencies

58. Article 405(g) CRR on the operational requirements for holdings of liquid assets requires that 'the denomination of the liquid assets is consistent with the distribution by currency of liquidity outflows after the deduction of capped inflows'. Without collecting information on liquidity coverage requirements by currency, the EBA could not measure the impact of this proposal.

4.2 Feedback on the public consultation and on the opinion of the Banking Stakeholder Group

The EBA conducted public consultations at several stages of the development of the ITS on the draft proposals contained in this paper.

The consultation period regarding reporting requirements covering own funds and own funds requirements as well as financial information (CP 50) lasted for three months and ended on the 20 March 2012. 48 responses were received, of which 44 were published on the EBA website.

The consultation period regarding reporting requirements covering large exposures (CP 51) lasted for six weeks and ended on 26 March 2012. 26 responses were received, of which 20 were published on the EBA website.

The consultation period regarding reporting requirements covering leverage ratios (EBA/CP/2012/06) lasted for three months and ended on 27 August 2012. 24 responses were received, of which 19 were published on the EBA website.

The consultation period regarding reporting requirements covering liquidity (EBA/CP/2012/05) lasted for three months and ended on 27 August 2012. 28 responses were received, all of which were published on the EBA website.

This paper presents a summary of the key points and other comments arising from the consultations, the analysis and discussion triggered by these comments and the actions taken to address them where this was deemed necessary.

In many cases several industry bodies made similar comments or the same body repeated its comments in the response to different questions. In such cases, the comments and the EBA analysis are included in the section of this paper where the EBA considers them most appropriate.

The Banking Stakeholder Group (“BSG”) responded to the consultation papers regarding reporting requirements covering leverage ratio and liquidity with a number of comments. Regarding the implementation timeline, the BSG echoed other respondents’ concerns about the short timeframe between a possible CRR adoption and the date for first data submission. Proposals for amendments to the reporting requirements, including those made by the BSG, are included in the table below.

Summary of key issues and the EBA’s response

These ITS will be part of the single rulebook enhancing regulatory harmonisation in Europe with the particular aim of specifying uniform formats, frequencies, definitions and dates of prudential reporting as well as IT solutions to be applied by credit institutions and investment firms in Europe.

Implementation of ITS requirements

In general, a significant share of the comments received was raised by stakeholders located in EU Member States where the applicable solvency and financial reporting requirements differ substantially from the requirements of these ITS. By contrast, the number of comments received from stakeholders

based in other EU Member States - in particular those with a mainstream implementation of COREP and FINREP already in place - were comparatively low. Hence, the magnitude of the implementation burden is highly dependent on the current level of COREP and FINREP implementation in the Member States.

ITS in the light of maximum harmonisation

Respondents agreed with the EBA that harmonised reporting requirements are an improvement on the current situation and are indeed needed in order to develop IT systems more efficiently. Harmonised data definitions and uniform reporting requirements will contribute greatly to the effective functioning of the new European System of Financial Supervision and will ensure data availability and data comparability for analysis on a European level and joint decisions by colleges of supervisors.

However, if common reporting templates are to be applied it is very important that no additional national specific formats, contents etc. are allowed. To add national specifics together with extensive common reporting requirements would be very burdensome for most cross jurisdictional banks.

In order to increase transparency and clarity of future reporting requirements, competent authorities commit to disclose which national reporting requirements currently in place will be replaced by ITS requirements. This should be done publicly and not later than one month after publication of the final ITS requirements.

Timing and ITS application date

Most respondents – in particular those located in jurisdictions where COREP and FINREP guidelines have not been implemented - stressed that the time to implement the full ITS requirements would not be sufficient as relevant IT systems would need to be changed before January 2013. Institutions will need to comply with CRD IV requirements as of the CRD IV application date and will need to change their systems beforehand. As competent authorities have the obligation to check institutions' compliance with the new regulatory framework as of this date, the submission of relevant data needs to be aligned with the CRD IV application date.

In response to the feedback on the minimum implementation time needed for reporting of financial information, the application date was postponed to 1 January 2014. As the CRR was finalised and thus the scope of financial reporting confirmed only in April 2013 the application date was further postponed to 1 July 2014 to allow adequate time to implement the new requirements.

Reporting reference and remittance dates

Many respondents raised concerns regarding the submission deadline of 30 business days, at both an individual and a consolidated level. In particular the latter was seen as challenging, owing to the practicalities and resource constraints around groups' year-end processes.

On the other hand, and compared to current national reporting practices, 30 business days would lead in many cases to an extension of the remittance period of up to 10 business days.

Bearing in mind that disclosure of quarterly results is usually done within 30 business days, the EBA regards the remittance period of 30 business days as adequate.

In order to alleviate the time pressure for the first submission of data for the period 01.01.2014 – 31.03.2014, the remittance date for this initial CRD IV reporting round has been relaxed.

Relationship between FINREP and IFRS

Many respondents requested alignment of FINREP templates with IFRS and pointed out where the templates deviate from IFRS requirements.

FINREP should be reported, on a consolidated basis, by those institutions that either apply IAS/IFRS or are required by the competent authorities to apply IFRS for the purposes of calculating their capital requirements.

Under Article 99 CRR, FINREP is to include financial information necessary for two purposes: i) to obtain a comprehensive view of the risk profile of an institution, and ii) to assess systemic risks. The objective of the supervisory reporting covered in the ITS deviates from the objectives of IFRS. The IAS/IFRS Conceptual Framework states that the objective of IAS/IFRS is 'to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity' (paragraph OB2) and says explicitly that they are not 'primarily directed' at covering the needs of 'other parties, such as regulators' (paragraph OB10). Furthermore, the International Accounting Standards Board (IASB) ruled against explicitly mentioning 'maintaining financial stability' as an objective of financial reporting under IAS/IFRS (see BC1.23 of the Conceptual Framework). Therefore, to fulfil its purposes as set out in the CRR, FINREP templates include, in certain cases, disclosure requirements which do not feature in IAS/IFRS.

Materiality thresholds

The EBA proposed introducing materiality thresholds in order to alleviate the burden on institutions for which certain activities prove to be not material.

Generally, respondents were in favour of thresholds to alleviate the reporting burden. However, a number of respondents stated that the burden would not be reduced as institutions would still be required to collect the data in order to calculate the materiality thresholds. Some respondents suggested higher threshold levels than those proposed in the consultation paper, while others suggested replacing thresholds by buffers, so as to avoid cliff effects.

IT solutions

The EBA has assessed and consulted on whether XBRL taxonomies should be made mandatory for the submission of supervisory data within the EU. Many respondents consider XBRL to be a format which should be accepted by all national supervisory authorities but do not support a mandatory application of XBRL. Hence, the EBA decided that the use of its XBRL taxonomies should not be mandatory for institutions. However, the EBA will develop and maintain a formal data model as well as XBRL taxonomies that incorporate the requirements of the ITS. These products will be publicly available and may be used by competent authorities and institutions when implementing ITS requirements. An integration of new ITS reporting requirements into existing reporting frameworks seems more beneficial as the information required in these ITS covers only one part of the whole reporting package of an individual institution (other areas of reporting cover for instance monetary statistics, interest rates statistics and credit registers). The benefit of integrated reporting solutions for

the majority of reporting entities is a national unique format for the whole reporting package. This solution will allow competent authorities to collect data as part of their existing broader reporting framework, provided that minimum specifications included in these ITS are met.

Summary of responses to the consultation and the EBA's analysis

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
Responses to Consultation Paper CP 50 (Own funds, own funds requirements and financial information)			
ITS implementation	In many cases it is not clear what reports will be retained by national competent authorities when the ITS are implemented. The number and complexity of the reports that are retained at national level will impact banks' ability to deliver the new COREP and FINREP requirements.	It is the responsibility of national competent authorities to inform institutions in their jurisdictions on which reporting requirements will be replaced by ITS requirements.	No impact on ITS
ITS implementation	Several respondents suggested creating a joint reporting working group with the EBA and industry representatives. Its purpose would be to discuss questions regarding interpretation and implementation of the new reporting standards and to coordinate implementation plans.	Close cooperation and coordination between the EBA and industry representatives is seen as important. Several workshops and sessions have been organised as an immediate action point after the public consultation.	No impact on ITS
Transparency on usage of data	Several respondents requested more transparency regarding the use of the required data for supervisory purposes. Defining the purpose and use of the information will allow banks to gain a better understanding of what is required, determine whether this or better data already exists and contribute over time to an improvement in the quality of data.	Unambiguous data definitions and ultimately good data quality are among the main objectives for the EBA in developing standards on supervisory reporting. Therefore, there is a plan to publish a set of risk indicators as defined by the EBA and the ESRB for analysis at European level. These risk indicators are calculated using data points included in the ITS and should allow banks to gain a better understanding of the data requirements. Publication is planned on the EBA website along with	No impact on ITS – publication of additional information on the EBA website

		other explanatory material (e.g. reporting examples), with the common objective of facilitating uniform implementation of the ITS and ensuring good data quality.	
Timeline implementation date	– Most respondents stressed that the time allowed for the implementation of the full ITS requirements would not be sufficient as relevant IT systems would need to be changed before January 2013. An implementation period of one year would be needed to amend systems accordingly and ensure that the data submitted to competent authorities was of a good quality. While many respondents recognised the need to comply with CRD IV as of 1.1.2013, a postponement of the implementation date for at least six months was seen as preferable. A phase-in of data items was seen as preferable by many respondents, with full implementation not before 1.1.2014.	Institutions need to comply with CRD IV requirements as of the CRD IV application date. Assuming this date is 1.1.2014, institutions will need to change their systems before that date. As competent authorities need to check institutions' compliance with the new regulatory framework as of this date, the submission of relevant data needs to be aligned with the CRD IV application date.	Amend ITS final provisions regarding implementation date
Timeline – interim solutions	50% of respondents were against the implementation of national interim solutions because this would impose an unnecessary duplication of work on institutions and national supervisors. The other 50% of respondents were in favour of interim solutions but stressed that they should not increase the development burden; hence they would only work if existing reports continued to be submitted in the interim with minor changes that had become necessary as a result of CRD IV.	National interim solutions are seen overly burdensome, especially for internationally active banks for which different interim solutions in several countries would have to be applied. Owing to the shortage of time, national interim solutions are not feasible and the lifetime and associated costs for these interim solutions would not be proportionate. Different interim solutions could also have a negative impact on the ability of the EBA and the ESRB to perform their tasks in various analytical areas which rely on comparable supervisory data.	No impact on ITS

Timeline implementing COREP	–	Most respondents pointed out that only those data items required under CRD IV should be implemented by Q1 2013, while implementation of data items that represent additional granularity should be delayed. Data items that are seen as difficult to implement relate to GS, SEC DETAILS, MR IM, CR IRB and OPR Details.	Data items that are not related to key tasks of competent authorities, the ESRB and the EBA may be implemented later. As the CRD IV application date has been delayed by one year no phase-in of COREP requirements is deemed necessary.	No impact on ITS
Timeline implementing FINREP	–	Most respondents pointed out that FINREP means collecting a significant number of additional data items that are not always available in the current systems of the banks. It means connecting risk databases and accounting databases and rebuilding the reconciliation processes. Therefore, the proposed implementation deadline of Q1 2013 is seen impossible to meet. A transition period could be considered to allow financial institutions to implement these requirements. A phase-in was suggested by some respondents with current FINREP templates being applicable as of Q1 2013 and full implementation not before 1.1.2014.	In response to the feedback on the minimum implementation time needed for reporting of financial information the application date was postponed to 1 January 2014. As the CRR was finalised and therefore the scope of financial reporting was confirmed only in April 2013 the application date was further postponed to 1 July 2014 to allow adequate time to implement the new requirements.	Amend ITS final provisions regarding implementation date
Thresholds that trigger reporting		Most respondents welcomed the possibility of a reduced reporting frequency, albeit with some concerns being raised regarding competitive advantages. Some respondents noted that the reduction of the reporting burden might be foiled by the dynamic nature of thresholds, where institutions might move in and out of the threshold. The calculation of the threshold was generally considered to be clear enough but further clarification on the calculation basis was requested.	The ITS provisions are intended to alleviate the reporting burden by specifying materiality thresholds. Hence, only those institutions which have material activities in certain fields of business would need to submit certain ITS data to competent authorities. In order to ensure a more static behaviour, institutions will only have to report certain data if thresholds are exceeded in two consecutive years. In order to clarify the calculation basis, the ITS provisions have been amended and examples regarding	Amend ITS provisions regarding reporting thresholds

		the calculation of the thresholds could be published on the EBA website.	
Securitisation transactions	<p>Nearly one quarter of all respondents submitted detailed comments concerning the reporting of securitisations. Respondents questioned the added value of new data items unknown to the current CRD-compliant COREP framework (as developed by the CEBS/EBA between 2006 and 2011) and sought further clarification on their rationale and supervisory use.</p> <p>In particular, the scope of the SEC Details was subject to several questions and significant implementation efforts were identified relating to the transaction-based DEC Details reporting.</p> <p>Some banks suggested the application of materiality thresholds and grandfathering rules, as well as a frequency relief in the case of the SEC Details.</p>	<p>The SEC Details template, which collects information on a transaction-by-transaction basis, is intended to encompass securitisations held in the banking book as well as in the trading book (regardless of significant risk transfer considerations). It is also aimed at investing institutions (to a limited extent), on the grounds of increased regulatory due diligence requirements (including information on the mandatory retention of net economic interest by originators, sponsors and original lenders).</p> <p>In order to reduce the reporting burden stemming from the transaction-based SEC Details reporting, the reporting frequency will be reduced from quarterly to semi-annually.</p>	Amend ITS provisions regarding frequency
Level of application and scope of consolidation	Some respondents raised concerns on additional costs and usefulness of data if reporting is based on CRR scope of consolidation. Respondents preferred to report data with only one scope of consolidation.	The level of application of FINREP will follow the scope laid down in Article 99. FINREP is applicable on a consolidated level and solo level reporting will remain under national regulations. All institutions applying IFRS are to report FINREP. Competent authorities may also extend the reporting requirements to institutions applying IFRS for reporting of own funds, in which case they must report FINREP templates. Competent authorities may also extend FINREP to institutions using national accounting standards. These institutions must report financial information using templates covering both IFRS and national generally accepted accounting principle	The ITS have been amended on the basis of changes in Article 99 CRR.

		(GAAP) aspects.	
Reporting burden	<p>Most of the respondents comment that there is a significant increase in the reporting burden resulting from the new version of FINREP. The magnitude of the increase is highly dependent on the current level of FINREP implementation in the Member States. The increase in reporting burden is a combination of more granular information, shorter remittance deadlines, greater frequency and a short implementation period. In particular, the combination of risk information and financial information was seen as very challenging since transaction level data in many cases is currently not available in the accounting systems.</p>	<p>The EBA has assessed the comments and analysed the detailed feedback. With regard in particular to templates seen as burdensome but with limited benefits, the EBA decided to streamline the templates and changed the approach to reduce the reporting burden.</p> <p>The following actions were taken (template numbering as in CP50):</p> <ul style="list-style-type: none"> • Some geographical breakdown items were moved to COREP and data points combining accounting and risk information were minimised • Counterparty breakdown across all templates was simplified and aligned with ECB statistical requirements; the link to COREP exposure classes was broken • Template F10.3 on sovereign exposures was deleted • Overlapping or redundant information was assessed and templates streamlined (F20.2, F21.2, F28, F30.2 were deleted, F24 was reduced to one column, in F4.1 column 140 was deleted). Template 22 was deleted owing to overlapping information in Asset Encumbrance reporting. • Frequency for templates F15, F16 and F30 was changed to semi-annual. • Frequency for templates F20, F23, F25.1, F26, 	<p>The ITS have been amended.</p>

		<p>F27, F29 and F31 was changed to annual.</p> <ul style="list-style-type: none"> • Templates F10.2, F14, F18, F24 and F25.2 only have to be reported by institutions with exposures or activities which exceed specified thresholds. 	
Relationship between FINREP and IFRS	<p>Many respondents requested alignment of FINREP templates with IFRS and pointed out where the templates deviate from IFRS requirements.</p> <p>FINREP should be in line with the options permitted by IFRS in presenting or recognising information:</p> <ul style="list-style-type: none"> - income statement by nature or function - classes of financial instruments chosen by the entity - date of recording may be delivery or settlement date - interest costs/expected return on post-employment benefits - presentation of tax effects of other comprehensive income items - clean/dirty price reporting for gains and losses on financial instruments at fair value through profit and loss 	<p>Under Article 99 CRR, FINREP is to include financial information necessary for two purposes: i) to obtain a comprehensive view of the risk profile of an institution, and ii) to assess systemic risks. The objective of the supervisory reporting covered in the ITS deviates from the objectives of IFRS. The IAS/IFRS Conceptual Framework states that the objective of IAS/IFRS is <i>‘to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity’</i> (paragraph OB2) and says explicitly that they are not <i>‘primarily directed’</i> at covering the needs of <i>‘other parties, such as regulators’</i> (paragraphs OB10). Furthermore, the IASB ruled against explicitly mentioning <i>‘maintaining financial stability’</i> as an objective of financial reporting under IAS/IFRS (see BC1.23 of the Conceptual Framework). Therefore, to fulfil its purposes as set out in the CRR, FINREP templates include, in certain cases, disclosure requirements which do not feature in IAS/IFRS.</p> <p>To arrive at a uniform set of templates and harmonised data across institutions it is necessary to close some presentational options provided in the IAS/IFRS.</p>	The ITS have been amended.

		<p>However, FINREP templates do not try to standardise all disclosure requirements included in IAS/IFRS (as the IFRS Taxonomy released by the IFRS Foundation does). The framework only includes those IAS/IFRS disclosure requirements that are deemed completely necessary to obtain a comprehensive view of the risk profile of an institution. While not covering full IAS/IFRS disclosure requirements, the FINREP templates also include additional disclosures (not included in IAS/IFRS) when they are needed for achieving the two objectives mentioned above.</p> <p>For the purposes of understanding the relationship between FINREP templates and the IAS/IFRS, FINREP templates could be classified in two groups: i) templates that are primary financial statements (Balance sheet, Statement of Profit or Loss, Statement of Other Comprehensive Income and Statement of Changes in Equity), and ii) the remaining FINREP templates. The templates in the first group (primary financial statements) should be consistent with IFRS in order to allow reporting entities to re-use them for public disclosure. The second group of templates includes the bulk of additional disclosures needed for the assessment of the risk profile and of systemic risks.</p> <p>IAS/IFRS do not prescribe the order or format in which financial information is to be presented; hence, they offer a certain number of presentational choices in the primary financial statement. In order to increase standardisation and comparability, since the first release</p>	
--	--	---	--

		<p>of FINREP it has been necessary to limit some presentational options available under the IAS/IFRS. When dropping presentation options, due care has been taken to ensure that the chosen option is within the range available in IAS/IFRS; additionally, the presentation option selected is the one that best serves the purposes of FINREP as established in the CRR.</p> <p>Some of the significant deviations or where it is deemed necessary to go beyond IFRS requirements are explained below.</p> <p>The clean/dirty pricing option was kept in the framework.</p> <p>The EBA also streamlined some templates to reduce the number of non-IFRS data points.</p>	
Relationship between FINREP and IFRS	<p>FINREP goes beyond the IFRS provisions:</p> <ul style="list-style-type: none"> - economic hedge regarding derivatives 	<p><u>Template 10, Derivatives: Held for trading</u></p> <p>'Economic hedge' includes important information for supervisors to understand the link between financial assets for which no hedge accounting is being carried out but which are in fact being used for hedging in economic terms.</p>	No change
Relationship between FINREP and IFRS	<p>FINREP goes beyond the IFRS provisions:</p> <ul style="list-style-type: none"> - additional breakdowns: breakdown of interest income and expenses (table 17.1), breakdown of fee (table 18), denetting gains and losses instead of providing net information (table 17.2, 17.4 to 17.6, 29.2), breakdown by exposure 	<p><u>Template 17.1, Interest income and expenses by instrument and counterparty</u></p> <p>The FINREP statement of profit or loss includes a breakdown of interest income and interest expenses by accounting portfolio (e.g. available-for-sale financial assets, loans and receivables). To use this breakdown</p>	The ITS have been amended.

	<p>classes for equity instruments, breakdown of financial assets that are past due or impaired into three buckets below 90 days (< 30 d, 30-60 d, 60-90 d – table 4.1)</p> <ul style="list-style-type: none"> - financial assets that are past due but not defaulted: the concept of default does not exist in accounting data (refers to prudential standard) 	<p>to compile risk indicators creates problems of consistency between numerators (interest income/expenses) and denominators (accounting portfolios). Accounting portfolios include instruments such as equity instruments or other financial liabilities (e.g. loan commitments given, financial guarantees given) that never generate interest income/expenses. Information on the interest income/expenses generated by instruments generating this category of income/expenses (e.g. loan and advances, debt securities issued) is required for the calculation of the risk indicators used for supervision.</p> <p><u>Template 18, Assets management, custody and other service functions</u></p> <p>Information on services provided by the reporting institution (such as assets management or custody) is gathered with a twofold purpose. First, it serves to monitor the so-called ‘shadow banking’ activities as the portfolios under assets management could be used to provide financing to the institutions’ clients. Second, these activities could result in outflows for the reporting institutions; for instance, an institution could be forced to compensate its clients on account of mistakes or negligence when performing these activities.</p> <p><u>Net gains and losses</u></p> <p>In templates F17.2 to F17.6, F29.2 the requirement to report separately gains and losses was deleted and</p>	
--	--	--	--

		<p>replaced by a requirement for net gains/losses only.</p> <p><u>Template 7, Past due, impaired and defaulted assets</u></p> <p>This information on past due assets and impairments is key for supervisory analysis of asset quality and credit risks. The information by instruments, products and counterparties is consistent with other templates. The information on past due assets and accumulated impairment is in line with IFRS 7 37 (a) and (b).</p> <p><u>Template 29, Breakdown of selected statement of profit or loss items</u></p> <p>IAS/IFRS do not prescribe the order or format in which data are to be presented in the statement of profit or loss (or in the balance sheet); they merely list the line items that, as a minimum, should be included. These minimum lines items need to be complemented with additional line items and breakdowns so as to obtain an understanding of the institution's financial performance. For this purpose, the minimum requirements in IAS 1 have been complemented with additional line items (and breakdowns) in the FINREP statement of profit or loss (template 2) and, in turn, in FINREP template 2 line items are further broken down in tables 17 (see comments above) and 29.</p>	
Relationship between FINREP and IFRS	<p>FINREP goes beyond the IFRS provisions:</p> <ul style="list-style-type: none"> - Template 6 off-balance sheet items and of which: defaulted 	The breakdown of 'of which: defaulted' is relevant for supervisors, as it provides information on which parts of the commitments given by the institution (such as	No change.

		commitments to provide credit under pre-specified terms) are related to counterparties which are in default or which parts of the financial guarantees given cover debt instruments in default.	
Relationship between FINREP and IFRS	<p>FINREP goes beyond the IFRS provisions:</p> <ul style="list-style-type: none"> - Changes in fair value due to credit risk 	<p><u>Template 3, column 'Accumulated change in fair value due to credit risk'</u></p> <p>The disclosure of the amount of change in the FV attributable to changes in the credit risk per counterparty provides useful information to the supervisor, allowing the identification, assessment and monitoring of the risk which stems from changes other than from market conditions giving rise to market risk, for each individual counterparty class.</p> <p><u>Template 5, Breakdown of financial liabilities</u></p> <p>The disclosure of the amount of change in the FV attributable to changes in the credit risk for financial liabilities at FV through profit or loss and at amortised cost provides useful information to the supervisor, allowing the interpretation of the profit or loss effects which are not attributable to conditions giving rise to market risk, such as interest rate changes, for all portfolios.</p>	
Relationship between FINREP and IFRS	<p>FINREP goes beyond the IFRS provisions:</p> <ul style="list-style-type: none"> - semi-annually or quarterly frequency for non-core information that is to be provided semi-annually under IFRS only if the changes in the 	On the basis of the feedback, the EBA has re-assessed the frequencies and some FINREP templates will be requested semi-annually or annually.	The ITS have been amended.

	amounts are significant		
An accounting year deviating from a calendar year	Some respondents raised concerns that using a calendar year basis for the financial reporting requirements would involve a significant burden for those institutions that do not have a 31 December accounting year-end.	The EBA has included a provision in the ITS to enable institutions to report financial reporting information in line with their accounting year. The number of firms affected by this is expected to be limited as most institutions covered by the ITS have a 31 December year-end.	The ITS have been amended.
Data use	Several respondents questioned the usefulness of data included in the framework.	<p>In response to the feedback questioning the usefulness of the significant amount of data included in COREP and FINREP and, in addition to rationales provided in the previous sections, the EBA is providing some examples of how the data will be used.</p> <p>The framework is designed to fulfil the mandate in Article 99 and provide competent authorities with sufficient information to supervise compliance with the CRR and to obtain a comprehensive view of the risk profile of an institution's activities. In addition, FINREP is intended to include information to obtain a view of the systemic risks institutions pose to the financial sector or the real economy. For these purposes, it is of crucial importance that data should be reported using uniform formats.</p> <p>In addition to monitoring compliance with minimum capital requirements, COREP information is important for analysing risks and the dynamics of risk parameters. More granular data on credit risk parameters and portfolios (both by sector/portfolio and by country) will make supervisory assessment of credit risk parameters considerably easier and default and loss information</p>	

		<p>enables some back-testing of these parameters.</p> <p>While the ITS have been developed for supervision of the capital adequacy and financial condition of individual institutions, they also constitute a large step forward in enhancing identification of systemic risks at European level. Uniform data will enrich peer group analysis across banks and across borders. With more granular and uniform data the competent authorities, the EBA and the ESRB are able to develop early warnings and make more informed decision on necessary actions.</p> <p>One example of an existing data gap is the lack of common definitions of counterparties and exposures in different countries. This makes it challenging to assess possible build-ups of exposures or concentration risk at the European level and individual institutions' exposures to identified concentrations. In order to have an overview, for example, of sovereign exposures, ad hoc data collections have been set up as part of the EU-wide stress test and for the EBA capital exercise. FINREP (templates 1, 3, 5, 9, 10) together with COREP templates with geographical breakdown provide a rich set of information for monitoring potential systemic risks arising from concentrated exposures. The granular country by country breakdown will also provide important information to help supervisors develop stress testing tools and establish high quality benchmarks.</p> <p>For assessing concentration risk and potential build-ups of exposures it is necessary to have information by counterparty (general governments, credit institutions,</p>	
--	--	--	--

		<p>non-financial corporations etc.) but also information on sector of activity (agriculture, mining, construction etc.). Crossing this information with breakdown by country will enable more granular identification of concentrations. For the latter, FINREP table 10 includes a breakdown of loans to non-financial corporations by Statistical Classification of Economic Activities (NACE) codes. Rather than designing a breakdown by sector of activity to be applied only in FINREP, the EBA has decided to re-use the classification of economic activities defined in the NACE Regulation as they are already used to cover other reporting requirements (e.g. for statistical purposes).</p> <p>FINREP table 31, 'Group structure' includes information on the subsidiaries, associated ventures and joint-ventures in which the reporting institutions have invested. This information serves to assess the group structure of the reporting institution. The information provided on the investment (e.g. carrying amount, accumulated equity interest) and on the investee (e.g. assets, profit or loss, activity and jurisdiction) serves to identify the main entities connected with different operations of the group (e.g. financial activities, consolidated structured entities, IT activities, real estate activities). The granular information on entities is necessary for supervisors and the EBA to have a view of the group structure, especially when common legal entity identifiers are not yet available.</p> <p>FINREP table 13 provides basic information on collateral</p>	
--	--	--	--

		<p>received as well as on collateral obtained by the reporting institution by taking possession. This information serves to assess credit risk and complements data requested in other annexes of the ITS (COREP, large exposures).</p> <p>FINREP table 30 complements the view of the off-balance sheet activities of the reporting institution with information on the connections to unconsolidated structured entities in which the reporting institution has interests. The recent global financial crisis has highlighted the need for comprehensive information on exposures to such off-balance sheet entities.</p>	
Unclear definitions and other detailed comments	Many respondents provided feedback on unclear definitions, outdated references and inconsistencies in the templates and instructions.	<p>The EBA has assessed all detailed comments and made several changes to the framework. All references have been checked and refer to EU endorsed standards. The templates were updated accordingly (e.g. FINREP template 44). References and new or revised instructions have been added to items for which clarification was requested. All the errors detected after the consultation period have been corrected.</p> <p>On the basis of the feedback on the definition and use of 'cash and cash equivalents', the EBA decided to change the item to 'cash and cash balances at central banks', in line with the practice followed by banks.</p> <p>In addition to the instructions provided in the ITS examples will be provided in additional implementation guidance on the EBA website.</p>	The ITS have been amended.

Responses to Consultation Paper EBA/CP/2012/06 (Leverage ratio)

ITS reporting template structure	It was pointed out that the CRR's requirement to 'calculate the leverage ratio as the simple arithmetic mean of the monthly leverage ratios over a quarter' would not be satisfied given the current structure of the reporting template since it permits the collection of end-of-quarter data only.	The EBA agrees with the comment. The reporting template has been restructured accordingly.	The reporting template and instructions have been restructured accordingly.
Level 1 text	Respondents asked for clarification on whether, unless stated otherwise, the valuation of items was to be based on the applicable accounting standard under Article 94 CRR.	The methods for calculating the value of assets and off-balance sheet items for the purposes of the leverage ratio in LRCalc are detailed in Article 416 CRR.	No impact on ITS
ITS reporting template structure	A number of respondents pointed out that the inclusion of a cell with the actual leverage ratio figure would be helpful.	This comment has been accommodated.	No impact on ITS
Timeline – implementation date	Most respondents stressed that they will not have enough time to implement the ITS before January 2013 and ask for an implementation period of 1 year in order to amend their IT systems and ensure a good quality of data. A phased-in implementation was deemed preferable by many respondents.	On this issue, institutions and the EBA are bound by the CRR.	No impact on ITS
ITS alignment with COREP	With regard to LR6 (now LR4) of the reporting template, some respondents called for a better alignment with the other COREP templates.	The EBA understands that the reporting of data items listed in LR4 (former LR6) causes additional costs for institutions. In order to minimise the reporting burden, LR4 (former LR6) has been thoroughly revised and detailed references to the CRR have been included in Annex II.	LR4 (former LR6) has been revised. Wherever possible, the comments made by respondents

			have been taken into account.
ITS data item definition	With regard to LR8 (now deleted) of the reporting template, some respondents expressed the need for more precise definitions.	The EBA agrees with this observation.	The EBA has deleted these data items in the light of the draft ITS on asset encumbrance.
ITS data item definition	With regard to LR2 (now merged in LR1) of the reporting template, it was pointed out that the so-called 'Method 2' for calculating the exposure measure of securities financing transactions differs from the methodology used for the Basel QIS template.	The EBA agrees with this observation. However, the difference is due to the CRR level 1 text.	No impact on ITS
ITS level of reporting	Respondents pointed out that requiring reporting on both an individual and a consolidated level will be highly burdensome. Some respondents suggested postponing the reporting on an individual level until 2018.	On this issue, institutions and the EBA are bound by the CRR.	No impact on ITS
ITS materiality thresholds	Consultation responses suggest that the calculation of the derivatives share threshold is sufficiently clear to institutions. However, an error in the formula for determining the total exposure measure was pointed out as {LR2,070,5} should not be deducted twice from the total exposure measure.	The EBA agrees with this observation. The formula has been revised.	Annex II has been revised accordingly.
ITS data item definition – LR4 (now merged in LR1)	With regard to LR4 (now merged in LR1) of the reporting template, some respondents sought confirmation as to whether the term 'reference name' referred to the underlying legal entity and the term 'reference obligation'	The EBA confirms the suggested definitions for the terms 'reference name' and 'reference obligation'.	Annex II has been revised accordingly.

	to a specific obligation on the reference name.		
ITS data item definition	Respondents asked for a definition of the term 'credit derivative' and whether it included total return swaps. It was also asked how nth-to-default and tranching credit derivative transactions should be treated in LR4 (now merged in LR1) and how financial network securitisations transactions were to be treated under the leverage ratio. Respondents suggested that it would be helpful to include examples in the ITS.	While recognising the need for further descriptions, including examples in the ITS might be limiting for the scope of transactions intended for reporting.	No impact on ITS
ITS reporting template structure	The view was expressed that a breakdown of derivatives and SFT exposures between the banking and the trading book should not be required as these items are subject to the counterparty credit risk framework irrespective of whether they belong to the banking or the trading book.	The comment has been accommodated.	The reporting template has been amended accordingly.
ITS data item definition	A clearer definition of 'trade finance operations' was requested.	The EBA agrees with this observation, but would also point out that there is no established definition in the CRR.	No impact on ITS
ITS remittance dates	Some respondents noted that longer remittance periods would be helpful in order to meet the reporting requirement. Since some data items are derived from other COREP templates, it was proposed that the remittance period for leverage ratio reporting be extended beyond that of the other COREP templates. The suggested time span varied between 30 and 90 working days.	The leverage ratio reporting template represents only a small amount of cells compared to the other COREP templates. Therefore, the EBA does not see the need for a longer remittance period for the leverage ratio.	No impact on ITS

ITS reporting dates	Some respondents acknowledged the need to report the data items going directly into the leverage ratio calculation on a monthly basis, and stated that they would have the data available. Others called for reporting based on end of quarter values. With regard to the data items that do not go directly into the leverage ratio calculation, reporting based on end-of-quarter values was proposed by many respondents.	The comment has been accommodated.	A new LRCalc including all the cells needed for the calculation of the leverage ratio has been added to the reporting template and requires end-of-month data. The corresponding cells have been removed from the rest of the reporting template for which only end-of-quarter data are required.
ITS reporting template structure	One respondent suggested splitting LR6 (now LR4) into assets treated under the standardised approach to credit risk and assets treated under the IRB approach.	The comment has been accommodated.	LR6 (now LR4) has been revised. Wherever possible, the comments made by respondents have been taken into account.

ITS data item definition	Respondents pointed out that some of the headings in the reporting template were misleading.	The comment has been accommodated.	Some headings in the reporting template have been revised.
ITS materiality threshold definition	Respondents asked for clarity on whether the threshold defined in paragraph 24 of the consultation paper would be based on net or gross notional amounts.	A formula that details the calculation has been incorporated into Annex II of the ITS.	The ITS have been revised accordingly.
ITS materiality threshold definition	Buffers for the materiality threshold levels were suggested by some respondents.	The comment has been accommodated.	The ITS have been revised accordingly.
ITS data item definition	Some respondents were unsure whether the data item 'Total additional assets to be included due to CRR 416(4)' should be reported as a negative value since the referenced Article 416(4) allows for a reduction of the exposure measure if certain criteria are met.	The value reported in this data cell is to be either zero or positive. This is because the leverage ratio reporting template is based on <u>prudential consolidation</u> . Hence, institutions are required to add to the leverage ratio exposure measure a certain portion of assets of financial sector entities in which they hold significant investments if these entities are not included in the prudential consolidation. More detailed instructions are provided in Annex II of the ITS.	No impact on ITS
Format of data submission	Some respondents suggested allowing institutions to submit the data in XML or Excel format for the first rounds of the reporting.	The format of the data submission to national authorities is for the latter to decide.	No impact on ITS
ITS data item definition	One respondent noted that the treatment of unsettled securities purchases and sales would affect the data item 'other assets' differently, depending on the applicable accounting standard, as some accounting standards require such purchases and sales to be reported net on the balance sheet while others require	With regard to asset valuation, banks need to follow the instructions under Article 416 CRR.	No impact on ITS

	gross reporting.		
ITS materiality thresholds	One respondent sought clarification on how the two materiality thresholds would relate to each other. In particular, it was asked whether exceeding the threshold for credit derivatives reporting (former LR4, now merged in LR1) would also trigger a reporting requirement for all derivatives data items in LR1 and the former LR2 (now merged in LR1)	The EBA would like to clarify that the two materiality thresholds are independent of each other. The threshold detailed in paragraph 21 of the consultation paper relates exclusively to data items in LR1 and the former LR2 (now merged in LR1) of the reporting template. The threshold detailed in paragraph 24 of the consultation paper relates exclusively to data items in the former LR4 (now merged in LR1) of the reporting template.	No impact on ITS
ITS links to COREP	Some respondents recommended direct links to the other COREP templates for data items in the former LR3 (now merged in LR1) and LR5 (now LR3 and LR6) and to FINREP for data items in LR8.	The EBA has tried to accommodate these comments as much as possible. Because of differences in definitions and reporting frequency, this has not always been possible.	LR3 (now merged in LR1) and LR6 (now LR4) have been restructured.
Consolidation scope, applicable accounting standard and valuation methods.	In some cases, respondents were unsure as to what consolidation scope, accounting standard and valuation methods apply to the various data items in the reporting template.	The EBA would like to clarify that the reporting template is based on prudential consolidation. The applicable accounting standards as well as the valuation methods that apply for the leverage ratio are detailed in Article 416 CRR.	Some of the headings in the reporting template and data item definitions in the ITS have been revised for better clarity. Additional references to the level 1 text of the CRR have been included in

			the ITS.
Responses to Consultation Paper CP 51 (Large exposures)			
1. Harmonisation	Most of the responses showed strong support for the harmonisation of reporting requirements through the implementation of uniform reporting templates, frequencies, dates of prudential reporting and IT solutions across the EU. This is seen as an important step towards convergence of supervisory practices, which in turn will lead to greater efficiency for (cross-border) institutions, will allow better comparison and analysis of data across jurisdictions, and will ensure a level-playing field among cross-border banks and financial institutions.	The EBA welcomes the support from respondents.	None
2. Application date	<p>One respondent expressed support for the implementation date for LE reporting of 1 January 2013 and emphasised that the EBA should avoid any implementation timeline that would require temporary solutions such as national interim solutions (to capture the changes required under CRD IV/CRR I) from national supervisors, or a 'parallel run' involving the submission of both EBA templates and equivalent national templates.</p> <p>The great majority of respondents are concerned that the implementation date of 1 January 2013 does not allow institutions sufficient time for the implementation of the technical standards. These respondents recommend</p>	<p>The EBA considered the feedback received from respondents and agrees that institutions should be allowed sufficient time to prepare for the application of the reporting requirements for LE.</p> <p>However, the change in the application date of the CRR to 1 January 2014, and consequently the change of the first LE reporting reference date to 31 March 2014, should allow institutions sufficient time to prepare and change their IT systems.</p>	None

	<p>that this date be changed to 1 January 2014 at the earliest (one respondent asks that the date be changed to 1 January 2016). The respondents argue that institutions require a reasonable length of time to analyse the data requirements, and to design, build and test the reporting solutions necessary to deliver high quality data. It is suggested that if the implementation timelines are not sufficient then the quality of data provided will be adversely impacted.</p>		
3. Macro-prudential analysis	<p>One respondent welcomed the important role that the ESRB will play in assessing the concentration and contagion risks in the European financial system and emphasises that it is important that the data fed into the ESRB is appropriate for those purposes. However, this respondent stresses that overlaps should be avoided and the EU solution should draw on the existing national solutions.</p> <p>This respondent questions the usefulness for macro-prudential purposes of information submitted for LE reporting on the basis that the substitution approach and the use of different collateral approaches (substitution approach versus fully adjusted exposure value) will affect its comparability. The latter in particular would lead to inconsistencies in the data and this further emphasises why using data on LE would not necessarily allow the ESRB to make meaningful macro-prudential assessments. A simpler approach towards collecting collateral data would be more suitable, such as allowing firms' own valuations to be used. Instead, a submission</p>	<p>The EBA has carefully considered the feedback received, but notes that one of its tasks is to cooperate closely with the European Systemic Risk Board (ESRB), in particular by providing the ESRB with the necessary information for the achievement of its tasks (cf. Article 8(1)(d) of Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority)).</p> <p>The ESRB is mandated to conduct macro-prudential oversight throughout the EU, from a cross-sectoral and cross-border angle. This approach means that special attention must be devoted to linkages among financial institution and to potential contagion effects of systemic risks. Therefore, interconnectedness and network analysis are important domains of the work of the ESRB. However, at the present moment, there is a limited number of datasets from which such information can be drawn.</p>	

	<p>of collateral with the values according to the institutions' own assessment is proposed.</p> <p>A few other respondents are also of the opinion that the LE regime is not suitable for macro-prudential analysis. Some of these respondents argue that the LE regime, as a backstop regime, involves very conservative assumptions, so that the actual risk in relation to a customer is not captured. Information on geographic and sector risk can also be generated from other reporting streams, e.g. via statistical reports or COREP and FINREP. Analysis of contagion effects can, for example, be carried out better via the much more granular credit registers in place in many countries. Use of the LE regime for macro-analysis is unnecessary and will lead to duplication of reported information. Moreover, the LE reporting regime may result in over-statement of risk since, for example, double counting owing to multiple allocations of borrowers, consolidation and guarantees cannot be filtered out cleanly. The meaningfulness of macro-analysis based on LE reporting appears questionable also because the volume of LE that is reported depends to a very great extent on the structure of the banking market in a country.</p> <p>One respondent stresses that financial markets are strongly interconnected and that such interconnection plays a decisive role in the transmission mechanisms of tensions among financial institutions and to the real economy. In this context it is important for the ESRB to be able to analyse, from a macro-prudential perspective, the potential systemic risks which may be created via interconnectedness of financial institutions. In the</p>	<p>Against this background, the Decision of the ESRB of 21 September 2011 (ESRB/2011/6) on the provision and collection of information for the macro-prudential oversight of the financial system within the Union specifies in its Annex II, section A3, those indicators derived from EBA common reporting on large exposures and sets up a template for ad-hoc data collection at the national level.</p> <p>The EBA is of the opinion that its proposal for integrated LE reporting (which also includes the collection of data necessary for the macro-prudential analysis by the ESRB, but which is also necessary for supervisory purposes) presents more benefits and fewer costs than the current situation, where a template for ad-hoc data collection is to be applied by national authorities. As is also recognised by the industry, a harmonised reporting template is preferable to different national solutions as it reduces the burden of application for the industry, especially cross-border banks. In addition, it is clear that the quality of the macro-prudential analysis will improve with the collection of harmonised and comparable data across the EU.</p>	
--	--	--	--

	specific case of banks, in spite of some methodological issues, the ITS on LE will greatly contribute to covering the current information gap in this area.		
4. EUR 150 million threshold	<p>It is clear to one respondent that the proposal to lower the reporting limit is primarily intended to facilitate macro-prudential analysis by the ESRB. However, this respondent is of the opinion that the proposed threshold of EUR 150 million is too high to allow the ESRB to collect the data necessary to make an accurate assessment of macroeconomic developments. This respondent proposes that the exposure information already collected by NSAs with a macro-prudential remit should be collated and used by the ESRB. In addition, it is of the opinion that there is no need to require both solo and consolidated reporting as the focus of the ESRB is not on the creditor but on the overall exposures in the financial sector; the respondent argues that the submission should either come from every institution on a solo basis or from the banking groups subject to consolidated supervision on a consolidated level.</p> <p>A few respondents are of the opinion that the EUR 150 million threshold is far too low for larger banks.</p> <p>However, one respondent is of the opinion that for smaller banks it is fair to have an absolute limit rather than a proportional threshold. Therefore, it proposes that the institutions should be able to choose between two different thresholds: either EUR 150 million or 10% of own funds. This would substantially reduce the reporting</p>	<p>The EBA would like to clarify that its proposal to include an absolute threshold does not change the definition of LE, but only the reporting requirements.</p> <p>The EBA has given due consideration to the arguments presented by respondents, but has agreed that only an absolute threshold could be useful both for the ESRB's macro-prudential analysis and the carrying out of supervisory functions.</p> <p>Regarding the right calibration of the threshold, the EBA acknowledges that, in particular for large banks, the burden of reporting is significantly increased with an EUR 150 million reporting threshold.</p> <p>To address concerns raised by respondents the EBA has further investigated the right calibration of the threshold and conducted a survey among its members, the NSAs. As a result, the EBA proposes a EUR 300 million threshold for LE reporting, which should capture important exposures while keeping the reporting burden to a minimum.</p>	The ITS have been amended

	<p>burden for larger institutions.</p> <p>One respondent notes that any changes to the reporting threshold should not have any impact on the definition of LE in Article 381 CRR. Nor should they have any implications for the requirements set out in the CRR with respect to managing or monitoring LE.</p> <p>A few respondents argue that the mandate given to the EBA in Article 383(3) of the draft CRR is very clear and does not provide for the introduction of an additional absolute threshold as this would either change the definition of a large exposure, in contradiction of Article 381, or change the scope of the LE reporting, in contradiction of Article 383, by requiring institutions to report exposures which are not LE. Therefore, these respondents advocate that the absolute threshold of EUR 150 Millions should be removed from the reporting template.</p> <p>A number of responses highlight that the absolute threshold of EUR 150 million would result in a significant increase in the reporting burden, which would, in the opinion of these respondents, lead to significant costs that would be disproportionate to the benefits to supervisory authorities. It is also noted that this requirement would lead to the reporting of a large volume of data which would make the application of quality control techniques more difficult, with a potential negative impact on the overall quality of the data.</p> <p>A small number of respondents suggests that there should be further assessment of the impact of the</p>		
--	---	--	--

	<p>proposed amount. These respondents propose that the EBA should consider adopting reporting requirements along the lines suggested by the Financial Stability Board (FSB), i.e. to set a number of exposures to report, for example the top 50 largest exposures.</p> <p>Some respondents suggest that, as an alternative to the absolute threshold, there could be a relative requirement based on the capital base. One of these respondents suggests that the criteria could be in the range of 3-5%, in order to complement exposures besides those included in other reports. Other respondent suggest changing the thresholds to EUR 300 million (template LE1) and EUR 50 million (template LE2).</p> <p>One respondent welcomes the use of an absolute threshold to identify LE. Nonetheless, this respondent believes that the proposed threshold (EUR 150 million) may prove to be, in some cases, inappropriate to capture the relevant counterparties in an interconnected financial system and invites the EBA to consider the definition of a more meaningful threshold. This respondent also suggests that the use of national discretion to lower the threshold of EUR 150 million for national purposes should be properly justified, stable over time, and always follow objective criteria.</p>		
5. Exposures breakdown	A few respondents argue that Article 383 of the draft CRR clearly defines the nature of the information to be reported and does not require institutions to report: i) geographical or sectoral information as part of large	<p>The EBA notes that it is not asking for new information, but only for a reorganisation of existing information.</p> <p>The EBA believes that the costs identified by</p>	Annex IX (instructions) of the Draft ITS on supervisory

	<p>exposure reporting; it is noted that this information is already available in the other COREP templates; ii) exposures per counterparty when a counterparty belongs to a group; it is noted that the added value of such further information has not been justified by the EBA.</p> <p>One of these respondents therefore advocates that the extra information (i.e. country and sector) should be removed from the reporting template. Moreover, it highlights that such granular reporting – which is not the purpose of the LE regime – would be extremely burdensome and totally counter-productive both for institutions and for competent authorities.</p> <p>A different respondent believes that the requirement to break down all grouped exposures to the entity level in template LE2 will require a considerable volume of data to be reported. This is likely to have an adverse impact on the quality of the data reported in template LE2 and raises the question as to the value of this template to regulators. This respondent recommends that a threshold be introduced whereby the majority of the grouped exposure would be broken down in LE2 but not the whole exposure (for example, a requirement to report individual entity exposures that exceed a threshold amount or percentage of capital base).</p> <p>Two respondents suggest that for reports on a consolidated basis, institutions will have to aggregate the exposures of all members of the group to identify LE to a client or group of connected clients. This will be an onerous undertaking, especially for banking groups with</p>	<p>respondents could be substantially reduced by changing the breakdown proposed in the draft ITS. This has been done by aligning the ITS with the FINREP economic sector classes which are in use in several countries (i.e. central banks, general governments, credit institutions, other financial corporations, non-financial corporations and households). A mapping of these economic sector classes and the SA and IRB exposure classes is presented in Annex IV, Part 6, of the draft ITS.</p> <p>The EBA notes that the large banking groups (LBGs) should not be included in the LE template (as a list is not yet available); NSAs could build the aggregation of LBGs on the basis of a list made available by the ESRB or the EBA for the purpose of data submission to the EBA.</p> <p>For the ESRB this breakdown is necessary in order to obtain a better understanding of the geographical allocation and sector concentration of the risks faced by EU banks, especially in the domains of contagion amongst financial institutions and to the real economy, and of interconnectedness among national banking sectors.</p> <p>Some respondents ask for the deletion of the ‘Sector of the counterparty’ column, arguing that NACE codes cover that information. However, general governments, international organisations and households do not have NACE codes, and for that reason, it is necessary to keep the column.</p>	<p>requirements for institutions</p>
--	---	--	--------------------------------------

	<p>a large number of subsidiaries. This respondent suggests identifying whether or not there is a large exposure at group level to one client or group of connected clients; only exposures of subsidiaries exceeding 5% of their eligible capital after consideration of risk mitigation techniques and exemptions should be considered.</p> <p>One respondent notes that the sector breakdown of borrowers is not complete as LE to other large banking groups (LBG), other banks, and other financial intermediaries are not yet separately identified. In addition, the ESRB would be interested in separately receiving information on the exposures to large insurance groups (LIGs), as part of the cross-sectoral conduct of macro-prudential oversight. The ESRB recommends the aggregation of LE into the following categories: government, other LBGs, other banks, other LIGs, other financial intermediaries, non-financial corporations, retail.</p> <p>One respondent notes that, under certain circumstances the same credit might be reported several times. Consequently, the process of aggregation of LE information, for example by sector or country, may lead to an overestimation of the exposure and of the risk and suggests that the EBA should consider how this information could be collected more effectively, to address both micro and macro-prudential interests so that aggregations can be more accurately performed.</p>		
--	---	--	--

6. Remittance period	<p>A few respondents note that a remittance period of just 30 working days is a very short period for the banks to report a complete set of reporting figures, especially for the year-end figures. These respondents suggest a longer remittance period; suggestions range from 40 to 50 working days.</p> <p>Irrespective of this, one respondent suggests that, with such an extensive change of reporting, a transition period of at least two years with longer remittance periods should be introduced.</p>	The EBA understands the concerns raised by respondents and extends the remittance period for the first submission relating to the reference date 30 March 2014 to 30 June 2014.	The ITS have been amended
7. Data protection	A small number of respondents asks that the EBA consider data protection and proprietary information issues if it is intended to require institutions to publish LE externally. They also point out that there will be legal problems regarding the reporting of names for non-EU countries.	The EBA clarifies that its draft ITS do not require the publication of LE data. Regarding possible legal constraints on the disclosure of names for non-EU countries, the EBA suggests that a possible solution would be to 'hide' the names in the reporting.	None
Responses to questions in Consultation Paper EBA/CP51			
Question 1. What would be the minimum implementation period to adjust IT and reporting systems to meet the new ITS	The majority of respondents asked for postponement of the date of implementation of the ITS on large exposure requirements. Most of them think it would be more realistic to postpone the reporting requirements to January 2014 but four respondents consider that a transitional period until January 2016 would be necessary. One respondent agrees with the EBA ITS proposal and seven others gave no opinion.	See response to key issue 2. Application date.	None

<p>reporting requirements? Please elaborate on the challenges which could arise.</p>	<p>The respondents argued the need to postpone the implementation date on the basis of the following:</p> <ul style="list-style-type: none"> • No significant changes in LE regulation in the CRR when other large reporting implementation projects are scheduled at the same time (CP 50 for FINREP and COREP reporting and other European and international projects); • Introduction of a EUR 150 million threshold and higher granularity in the reported data; • New breakdowns such as counterparty identification and characteristics (NACE code, residence of counterparty) increase complexity; • Significant enhancements of existing systems and IT architecture; • Necessity to review internal reporting processes, notably to manage the reduced remittance period; • Allowing time to test the new system and to have an orderly transition. The impact of a short implementation period on data quality must not be underestimated; • All the reporting projects (COREP, FINREP) should be analysed in a coordinated manner, in order to avoid unintended consequences and duplication of data; • IT systems do not have IFRS data on a single transaction level as required by Article 94 CRR; <p>Some respondents also stress the costly IT developments and the necessity to have the legal reporting format in place before beginning IT implementation, to avoid additional costs.</p> <p>Some answers mention that, considering the significant</p>		
--	---	--	--

	<p>changes regarding LE reporting at the end of 2010 and the absence of significant changes in the CRR, the current reporting scheme could be maintained, to allow time to implement the new framework, including the new data required to monitor concentration and contagion risks.</p> <p>Two respondents highlight the fact that with regard to the look-through approach, there is uncertainty whether to use the existing CEBS guidelines or to wait for the new EBA Regulatory Technical Standards (RTS) (Article 379(8) CRR). Another respondent considers that a cost-benefit analysis should be carried out for the 'look through' methodology and standards for foreign counterparty characteristics.</p> <p>One answer mentions the impact of increased reporting on governance of returns submissions.</p>		
<p>Question 2.</p> <p>What would be the minimum implementation period required for institutions NOT subject to large exposures reporting at the moment to implement the LE reporting described in this consultation paper?</p>	<p>The majority of the respondents did not answer this question or did not consider it applicable.</p> <p>Among the six respondents who did answer this question, four of them did not make any distinction between implementation for institutions which are currently subject to LE reporting and those which are not.</p> <p>According to one of the two other respondents, a twelve-month period starting from the release of the final ITS is sufficient, whereas the other believes that the implementation period for institutions which are not already subject to large exposure rules should be substantially longer, but does not give any assessment.</p>	<p>The EBA notes that this question does not seem to be relevant to respondents.</p>	<p>None</p>

<p>Question 3.</p> <p>Would the required implementation period be the same for reporting requirements on an individual basis and on a consolidated basis?</p>	<p>Half of the sixteen respondents which answered this question think that the required implementation period would be the same for reporting requirements on an individual basis and on a consolidated basis, while the other half is not of the same opinion.</p> <p>For the first group, the implementation period can be the same, both on an individual and on a consolidated basis, because the data needs to be sourced in the same way and from the same systems in order to produce the individual basis and consolidated basis reports.</p> <p>For the second group, the implementation period would be different because :</p> <ul style="list-style-type: none"> • On a consolidated basis the aggregation of client data or of data related to groups of connected clients is more complex as it needs to be grouped across legal entities using more IT systems; • The necessary reconciliation is usually time-consuming; • Consultation with foreign subsidiaries tends to be very time consuming. 	<p>The EBA notes that respondents have mixed views regarding this question.</p> <p>The EBA considers that respondents did not present solid arguments to justify a deviation from its initial proposal of alignment with COREP and having the same implementation date for reporting requirements on both an individual and a consolidated basis.</p>	<p>None</p>
<p>Question 4.</p> <p>Compared to previous versions of the LE templates are there additional reporting requirements which cause disproportionate costs?</p>	<p>The answers reflect a diversity of views among respondents.</p> <p>The great majority of the respondents think that the new version of the large exposures template would give rise to enormous costs for the following reasons:</p> <ul style="list-style-type: none"> • new threshold of EUR 150 million exposure; • new additional information in LE1 and LE2 templates (counterparty identification and characteristics: name, type of connection, 	<p>The EBA notes that most points raised by respondents have already been addressed (see responses above).</p> <p>To reduce the burden for institutions the EBA has simplified the reporting templates and dropped the request for the reporting at group level of the country, sector, and NACE code of the counterparty.</p>	<p>Annex IX (instructions) of the Draft ITS on supervisory requirements for institutions</p>

	<p>country, sector, NACE code);</p> <ul style="list-style-type: none"> • mix of COREP and FINREP definitions relating to the breakdown of instruments of the original exposures and credit risk mitigation (CRM) techniques; • data requirement of indirect exposures, look-through effect, defaulted exposures; • information about ‘exemption’ not consistent with Article 379(6) CRR). <p>These respondents focus on the need for cost-benefit analysis; they think that there should be more realistic alternative solutions (see the following points)</p> <ul style="list-style-type: none"> • FINREP definitions should be removed; • relating to the threshold there are the following alternative recommendations: <ul style="list-style-type: none"> i) requirement for the top 50 counterparties to be reported; ii) the additional threshold should be set as a percentage of firms’ large exposure capital resource (i.e. 5% relative threshold) and include at a minimum the top 20 exposures; iii) one of the respondents also suggests defining a second threshold for the LE2 template, proposing an absolute threshold of EUR 50 million. iv) one of the respondents proposes taking into account the cost implications for small, medium and large institutions. The institution considers that the absolute threshold should not be subject to the decision because this would lead to an unlevel playing field. v) ‘...minority of members of the ESRB 		
--	--	--	--

	<p><i>proposes a more pragmatic approach. In case the disclosure of this list of LBGs and LIGs, including their compositions, to the reporting agents is an issue, the reporting banks could be required to report their k largest exposures (e.g. k=50 or k=100). In case a large institution is not included in this list, the exposure versus this particular market participant could be considered as immaterial. This approach would reduce the problems raised by possible breaks in the data series resulting from changes in the list of LBGs and LIGs, as LE would always be reported irrespective of the counterparty's inclusion in the list.'</i></p> <p>A very small number of respondents suggest/prefer a separate framework and reporting for the monitoring of concentration and contagion risks from reporting of LE (e.g. a more coordinated approach to statistical data on the part of regulators and supervisors of any kind as well as central banks and other requestors, with a long-range roadmap and an integrated reporting, would be desirable in that context.)</p> <p>Five respondents did not answer this question or considered it as not applicable as a general rule.</p>		
<p>Question 5.</p> <p>Are the templates, related instructions and validation rules included in Annex VIII and Annex IX sufficiently clear? Please provide concrete examples</p>	<p>Respondents made the following remarks:</p> <p>a) <u>Disaggregation by type of instrument</u>: Some respondents criticised the breakdown of the exposures by type of instruments because of: (i) use of different databases for accounting and risk purposes, and (ii) not enough guidance for the columns.</p> <p>b) <u>Counterparty characteristics at consolidated level</u>: Most respondents asked for the reporting</p>	<p>a) This disaggregation is regarded as very important for analysis purposes. A COREP strict disaggregation cannot be used because it does not take into account all the types of instruments. However, the EBA notes that the disaggregation is related to risk-based calculations, where equity instruments are subject to separate treatment, and derivatives</p>	<p>Annex VIII (templates) and Annex IX (instructions) of the Draft ITS on supervisory requirements for institutions</p>

<p>where the implementation instructions are not clear to you.</p>	<p>of counterparty characteristics at consolidated level to be changed or dropped.</p> <p>c) <u>Codification</u>: The industry has shown its concerns about the codes that need to be used.</p> <p>d) <u>Sector of counterparty and NACE codes columns</u>: Some respondents propose that the 'Sector of counterparty' column should be dropped, since sectors can be taken from NACE codes. Some institutions also ask for COREP categories to be used in the 'Sector of counterparty' column.</p> <p>e) <u>Validation rules and typos</u>.</p> <p>f) <u>Identification of groups</u>: Some respondents expressed their concerns about identifying groups of connected clients where there is no control over the individual entity to which the reporting institution has the greatest exposure, since this is a criterion that is unstable and changes from one institution to another.</p> <p>g) <u>LE limits guidance</u>: Some respondents state that the guidance for the LE limits template is not clear enough.</p> <p>h) <u>Residence of the counterparty</u>: Some respondents asked which criterion should be used for defining the residence of the counterparty.</p> <p>i) <u>Reporting of netting agreements</u>: Several comments asked how to report netting agreements.</p> <p>j) <u>Exposures deducted from own funds</u>: Some comments show concerns as to whether these exposures should be reported, since they are not part of the exposure value to the effects of large exposures. Other comments ask for more</p>	<p>and off-balance-sheet items are also reported separately. As a response to the comments, references to FINREP have been deleted, and additional guidance on the type of instruments has been inserted.</p> <p>b) Comments from respondents have been addressed.</p> <p>c) Since there is no unified codification, NSAs will decide the code to be used in each country. This will probably mean that reporting institutions will keep on using the codification currently in use.</p> <p>d) NACE codes do not apply for retails or for general governments and central banks and this is why 'Sector of counterparty' has to be kept. Categories included in those columns have been streamlined, bearing in mind already existing categories, and the Joint Expert Group on Reconciliation of credit institutions' statistical and supervisory reporting requirements (JEGR) Manual.</p> <p>e) Some validation rules and typos have been corrected, in accordance with comments from respondents.</p> <p>f) Comments have been taken into account, and residence of the counterparty, sector of the counterparty and NACE code no longer need to be reported for groups of connected clients.</p> <p>g) The guidance has been changed.</p> <p>h) Country of incorporation should be used. This is specified in the reporting instructions.</p> <p>i) As long as netting agreements are allowed to be taken into account for the effects of large exposures' exposure value, they should be regarded as a single exposure. As regards the</p>	
--	--	--	--

	<p>information on how these exposures should be reported.</p> <p>k) <u>Definition of 'defaulted'</u>: Some respondents ask for clarification on what 'defaulted' is intended to mean.</p> <p>l) <u>Unfeasibility in some cases of differentiating between pre and post CRM exposure values</u>: A couple of comments address a very specific case in which it might not be feasible to differentiate pre and post CRM exposure values.</p> <p>m) <u>Original exposure</u>: One respondent stated that 'Original exposure' is not a clear title and might lead to confusion.</p> <p>n) <u>Legal references</u>: Some comments ask for clarification on the use of certain legal references.</p> <p>o) <u>Equity instruments column in CRM breakdown by type of instrument</u>: One respondent states that it is possible to have indirect equity exposures, and that equity exposures can have CRM substitution effects, even if this is not frequent.</p> <p>p) <u>Schemes 'look through' effect</u>: Some comments ask for further clarification on how this columns works.</p> <p>q) <u>Breakdown by type of instrument of CRM substitution effects</u>: Some respondents ask why this breakdown is required.</p> <p>r) <u>Two templates approach</u>: Some comments show a preference for a single template approach. One respondent asks whether it is necessary to report in LE2 an exposure to an individual institution already reported in LE1.</p>	<p>effects of the breakdown by type of instrument, the most important instrument on the asset side of the netting agreement should be considered as the instrument of the whole exposure. Some concerns have also been expressed about the allocation of netting agreements between individual institutions within a group of connected clients. Note that, under Article 390(5) CRR, 'The exposures to groups of connected clients shall be calculated by summing the exposures to individual clients in a group'.</p> <p>j) Although exposures deducted from own funds are not part of the exposure value, it does not mean that they cannot be reported. The same happens with value adjustments, which are not part of the exposure value but are included in the concept of 'original exposure'. In LE templates, exposures deducted from own funds are included as original exposures (a similar situation already exists in COREP templates), and later deducted in the column '(-) Exposures deducted from own funds'. Hence, 'Exposure value before application of exemptions and CRM' does not contain those exposures.</p> <p>k) Reporting instructions already refer to Article 178 CRR. In our opinion, that article is sufficiently detailed, and provides the necessary definitions.</p> <p>l) First, it should be noted that pre and post CRM exposure values were already required in the previous version of LE reporting templates. In those unusual cases in which institutions are not able to calculate the pre CRM value, the amount to be reported as pre CRM value should be equal to the post CRM values. In other cases,</p>	
--	---	---	--

	<p>s) <u>Minimum of 95% for LE2 disaggregation:</u> One respondent suggested that it might be possible to establish that LE2 should disaggregate a minimum of 95% of the exposure value for each group of connected clients, instead of making full disaggregation mandatory.</p> <p>t) <u>Civil law associations:</u> Some respondents asked how civil law associations should be treated.</p> <p>u) <u>Number of breaches during reporting period:</u> Some respondents ask for the deletion of this column, since it is not clear whether it provides useful information.</p> <p>v) <u>Illustrative examples:</u> Some comments state that illustrative examples should be included.</p> <p>w) <u>Unknown client arising from schemes:</u> Some respondents ask how an 'unknown client' should be reported.</p> <p>x) <u>Regulatory issues:</u> Most of the comments contain questions on regulatory issues.</p> <p>y) <u>IRB 20 largest exposures:</u> Some respondents ask how the IRB 20 largest exposures and the EUR 150 million threshold relate to one another.</p>	<p>post CRM amounts could be higher than pre CRM amounts, which would mean a negative CRM effect.</p> <p>m) This concept is already used in COREP templates (see, for example credit risk standardised approach (CR SA)) with the same meaning. In our opinion, the definition is sufficiently clear.</p> <p>n) Legal references have been streamlined taking into account comments received.</p> <p>o) Two columns have been added to address this possibility.</p> <p>p) Following changes to the CRR this column has been renamed 'Additional exposures arising from transactions where there is an exposure to underlying assets'. This column should be used to report the additional exposures that arise from transactions where there is an exposure to underlying assets, calculated in accordance with the draft RTS on the determination of the overall exposure to a client or a group of connected clients in respect of transactions with underlying assets pursuant to Article 390 CRR.</p> <p>q) For analysis purposes, it is quite important to be able to have a breakdown of the exposures by type of instrument both on an immediate borrower and on an ultimate risk basis. This breakdown is intended to provide such information</p> <p>r) The details of individual entities within a group of connected clients is needed, and hence two templates should be used. However, it should be noted that the two templates approach is not new, since it was already used in the former LE reporting templates. Exposures to individual</p>	
--	---	---	--

		<p>institutions (i.e. exposures to institutions which are not included in a group of connected clients) need only be reported once. Clarification on this point has been added.</p> <p>s) For macro analysis purposes, it is worth having a full disaggregation of the groups of connected clients. Moreover, it has been noted that in some countries, in which that minimum applies, its effect is very limited.</p> <p>t) Exposure to civil law associations featuring quotas should be divided/allocated to the partners according to their respective quotas. All the other constructions mentioned (joint accounts, communities of heirs, straw-man loans) are in fact civil law associations and have to be reported in the same way. This has been clarified in the reporting instructions.</p> <p>u) Column 370 regarding the number of breaches during the reporting period has been deleted.</p> <p>v) Owing to legal constraints, illustrative examples cannot be included in the ITS</p> <p>w) A specific code for an unknown client needs to be provided by the NSAs. Apart from the specific code, an unknown client should be treated in the same way as other exposures.</p> <p>x) Regulatory issues are beyond the scope of these ITS, and thus they cannot be addressed here.</p> <p>y) If an IRB institution does not have 20 exposures over the absolute reporting threshold, it should report the 20 largest exposures, even if they are below the threshold. It should be noted that to address comments from respondents, the proposed threshold of EUR 150 million has been</p>	
--	--	--	--

		raised to EUR 300 million.	
<p>Question 6.</p> <p>What are the cost implications of introducing a breakdown by residence of the counterparties?</p>	<p>According to a small number of respondents, this information is available and there is no/low/medium additional cost.</p> <p>According to a number of other respondents, it is a huge challenge to implement the new geographical breakdowns in their IT systems. The reasons put forward differ:</p> <ul style="list-style-type: none"> • It is unnecessary to introduce a breakdown by sector/residence/economic sector as it should be possible for the EBA to use NACE codes (double information). In addition, 'Name' is not relevant, because the entity's code identifies the entity unambiguously. • All additional information (e.g. residence) in the source system or Data Warehouse will result in additional workload, modification or extension the functionality of reporting system/applications, and preparation of parameterisation, etc. <p>A very small number of respondents noted that the reporting would be performed only by individual counterparties. A breakdown would only make sense in summary reports.</p> <p>One of respondents noted that: 'Clarity is required on the country of reporting i.e. is it the country of incorporation, country of domicile or country of risk?'</p> <p>Five respondents did not answer this question or referred to CP 50.</p> <p>Other respondent answered that it is not possible at the present time to quantify this impact. .</p>	<p>The EBA agrees with the respondents that say that this information is already available to institutions and therefore the cost of reporting would be limited.</p> <p>In any case, the EBA notes that it should be in the interests of the institutions to know the residence of their counterparties, so as to better assess the distribution of its exposures by country. Moreover, this is one of the breakdowns that are of the interest for the ESRB.</p> <p>The EBA would like to make it clear that the country of reporting is the legal residence (i.e. country of incorporation).</p>	None

<p>Question 7.</p> <p>What are the cost implications of introducing a breakdown by sector of the counterparties?</p>	<p>The answers are essentially similar to those to question 6 above, but there are some additional comments:</p> <ul style="list-style-type: none"> • One of respondents requests that COREP definitions such as 'central government', 'institutions', 'corporate' and 'retail' be used. • One of respondents points out that the breakdown of counterparties by sector would generate a rather low marginal cost, providing the definitions were consistent with those of COREP • One of respondents answered that its asset classification is based on Financial Services Authority reporting which would have to be sourced from appropriate systems for reporting. <p>The ESRB commented on this question as followings: '...the future availability of common Legal Entity Identifiers (LEI) will facilitate the aggregation of the single name...The ESRB thus invites EBA to move forward in the adoption of the LEI.'</p>	<p>The EBA believes that the costs identified by respondents could be substantially reduced by changing the breakdown proposed in the draft ITS. This has been done and it is now in line with the FINREP economic sector classes which are in use in several countries (i.e. central banks, general governments, credit institutions, other financial corporations, non-financial corporations and households). A mapping of these economic sector classes and the SA and IRB exposure classes is presented in Annex IV, Part 3, of the draft ITS.</p> <p>See also response to key issue 5, 'Exposures breakdown'.</p>	<p>Annex IX (instructions) of the Draft ITS on supervisory requirements for institutions</p>
<p>Question 8.</p> <p>What are the cost implications of introducing a breakdown by economic sector by using NACE codes?</p>	<p>The large majority of respondents highlighted the fact that the NACE codes are not used by a significant part of institutions or banking groups. Implementation would cost the industry a considerable amount in mapping over from current methodologies to the NACE codes, which would increase the risks associated with the on-going manual maintenance of mappings and therefore data quality delivery.</p> <p>These respondents suggest that institutions should be allowed to maintain the current reporting system (SIC, NAIC, ISIC, PKD, TEAOR, etc.)</p> <p>Only a very small number of respondents oppose the mandatory use of NACE codes.</p>	<p>The EBA believes that there is a need for the use of harmonised codes; that is why it has proposed the use of NACE codes, which are in widespread use.</p> <p>The EBA understands the concerns raised by respondents and will recommend that the NSAs provide their national industry with a mapping of the national classification in use and the NACE codes. This should reduce the burden for institutions as it will reduce the costs of implementation and will ensure harmonisation.</p> <p>The EBA took note of the suggestion from some respondents to consider the FSB LEI initiative and has added a column for the LEI code to the reporting templates.</p>	<p>Annex VIII (templates) and Annex IX (instructions) of the Draft ITS on supervisory requirements for institutions</p>

	<p>Most respondents do not reject the mapping or developing the current reporting system and implementing the NACE code.</p> <p>The EBA should consider clarifying why the NACE codes need to be used, and provide support on how current classifications should be aligned with them (there should be an official and legally binding 'mapping' document reconciling the national client classification and the NACE codes.)</p> <p>It would far be better for the EBA to promote the use of a single, harmonised codification of counterparties (cf. the Financial Stability Board's Legal Entity Identifier (FSB LEI) initiative)</p> <p>Four respondents did not answer this question.</p>		
<p>Question 9.</p> <p>Would other classifications be more suitable or cost efficient?</p>	<p>One of respondents reflected that no breakdown at all should be required in the LE templates as it is not the purpose of the LE reporting to build a referential dataset of counterparties. Moreover, those classifications could be inconsistent from one bank to another. It would be far better for the EBA to promote the use of a single, harmonised codification of counterparties (cf. FSB LEI initiative).</p> <p>Another respondent highlighted the fact that the new version asks for much greater granularity and it would have a large impact if it were to be made available through all the business cycle. The new version not only broadens the requirements as the new threshold is lower, it also deepens the information required as it asks for more detailed breakdowns together with the application of other more specific criteria.</p> <p>One respondent stressed that that will show when the IT solution is being built and when the test period starts; there will be constant questions regarding the reporting.</p>	See response to Question 8.	None

	<p>The questions could be handled by the supervisory authorities in the different countries.</p> <p>One bank suggests that the EBA should adopt the code set used most widely by the industry today, thus minimising unnecessary development work. Another bank commented similarly: ‘...we would caution against the EBA attempting to introduce a unilateral solution for the EU. Instead, we would encourage to align its work with legal entity identifier (LEI) which is already under development on a global basis.’</p> <p>The ESRB response to this question: ‘...minority of members of the ESRB proposes a more pragmatic approach. In case the disclosure of this list of LBGs and LIGs, including their compositions, to the reporting agents is an issue, the reporting banks could be required to report their k largest exposures (e.g. k=50 or k=100). In case a large institution is not included in this list, the exposure versus this particular market participant could be considered as immaterial. This approach would reduce the problems raised by possible breaks in the data series resulting from changes in the list of LBGs and LIGs, as LE would always be reported irrespective of the counterparty’s inclusion in the list.’</p> <p>Finally, one respondent was in favour of the international banking groups providing some examples here of more suitable classification systems which would be applicable on a global basis.</p>		
Comments	Summary of responses received	EBA analysis	Amendments to the proposals
Responses to Consultation Paper EBA/CP/2012/05 (Liquidity)			

<p>Common Reporting ("COREP") Integration & the Data Point Model (DPM)</p>	<p>Several respondents questioned the decision to integrate liquidity reporting into COREP. Some queried the implementation dates if liquidity reporting is to begin on 1 January 2013 when some national authorities will not implement COREP until later in the year.</p> <p>Others queried if COREP will be flexible enough to allow changes to the liquidity templates if required, if the liquidity reporting DPM is part of the COREP DPM, if and how the liquidity data will be reconciled back to COREP data if data sources are different?</p> <p>Some thought that reporting frequency would be an issue as Liquidity Coverage reporting is to be monthly but COREP reporting is generally quarterly. Some called for non-COREP Excel templates to be used, at least during the observation period.</p>	<p>Liquidity reporting is to form part of the (COREP) framework. It allows for a harmonised methodology to collect the data and a stabilised infrastructure to analyse and manipulate it. The liquidity reports will be separate reports within COREP but will use the same IT process and reporting methods.</p> <p>If the liquidity templates need to be amended over time, COREP is flexible enough to allow this. The DPM is not attempting to reconcile each data point in the liquidity template to a data point in the existing COREP returns, it is checking if any data point points are the same to avoid duplication. Liquidity reporting by its nature has different data requirements to other COREP reports and is based more on cash-flow data.</p> <p>Institutions can use COREP for monthly reporting of the liquidity templates. Reporting can be more frequent, if required.</p> <p>If institutions are unable to submit liquidity returns using the XBRL format, they may submit them in another format, subject to approval by the competent authority, which shall define such data exchange format.</p>	<p>No impact on ITS</p>
<p>Accounting Standards and Financial Reporting ("FINREP")</p>	<p>Several respondents questioned the basis of the accounting framework that should be used, how to reconcile data points to FINREP and where audited figures were required. Some questioned if IFRS is to be used?</p> <p>Most references were in relation to the use of balance sheet data in the Stable Funding templates.</p>	<p>Where applicable, liquidity reports will be based on the same accounting standards used in other COREP reports.</p> <p>If the reports are expected to be accurate, the initial internal reporting process should be audited and Competent Authorities may request externally audited reports, if deemed necessary. Fully externally audited</p>	<p>No impact on ITS</p>

		figures are not required for regular Liquidity Coverage and Stable Funding reporting. However, if audited reports or financial statements highlight a material difference to liquidity returns, the credit institution is to report the change and revised liquidity returns, if necessary, to the relevant Competent Authority.	
Waivers for individual basis reporting, Scope of Application and Consolidated Reporting	<p>Some respondents have called for more information to be provided on the subject of waivers to liquidity reporting, specifically in relation to the threshold for reporting on significant currencies; in particular does the threshold apply on a consolidated, sub-group or individual basis? Further questions were received on how the reporting waiver is to be applied during the observation period.</p> <p>There were calls for the instructions around the consolidation scope of the liquidity templates to be more explicit and to be more definitive on the entities that it applies to, the application to holding companies, insurance companies and “shadow banking” institutions were mentioned.</p>	<p>The scope of application of the liquidity reporting requirements is detailed in Part Six, Title II and III of the CRR. The scope of prudential consolidation is set out in Article 10 of the CRR.</p> <p>Waivers to liquidity reporting on an individual basis are set out in Article 7 of the CRR. During the observation period, unless the CRDIV/CRR is revised, institutions will follow the process set out in Article 7 and Article 19 of the Regulation where applicable, subject to any transitional measures as outlined in Article 487 of the CRR (Council text).</p>	No impact on ITS
Basel QIS	<p>Some respondents requested convergence and alignment with the Basel QIS templates to reduce the burden of reporting with a mapping exercise to be undertaken.</p> <p>Others stated that using the QIS type templates would be over-burdensome on smaller banks. Some suggested increasing the frequency of Basel QIS reporting during a transitional EBA reporting period and others suggested ceasing the Basel QIS report once EBA reporting begins.</p>	<p>The EBA cannot comment on the Basel QIS reporting process. It is separate to the EBA reporting process.</p> <p>The EBA has a mandate from the CRDIV/CRR to develop reporting templates in line with the requirements as set out in the CRDIV/CRR.</p>	No impact on ITS

Accuracy	<p>Some respondents stated that if the lead-in time to implementation of the liquidity reporting requirements or if the remittance period is too short, data quality and accuracy would be an issue. They stated that they may have to sacrifice data accuracy to achieve timely submissions. Others mentioned that reporting should be on a “best efforts” basis during the observation period.</p>	<p>The EBA expects liquidity reporting during the observation period to be accurate.</p> <p>Data from the observation period will be used in the report to the European Commission on the specification of the general liquidity coverage requirement and on how it would be appropriate to ensure that institutions use stable sources of funding, including the impact assessment of both. Inaccurate data could result in an inappropriate final calibration.</p>	No impact on ITS
Proportionality Materiality Discretion Derogation	<p>Some respondents want the principle of proportionality to be applied to liquidity reporting and stated that smaller banks should not be expected to commit the same resources as their larger counterparts.</p> <p>Some respondents called for materiality to be addressed in the cashflow reporting, that significant resources may be spent on providing accurate data that may not be material.</p> <p>There was a suggestion to allow institutions to choose a higher outflow bucket if it is too burdensome to allocate resources to finding specific data for some liability items.</p>	<p>The draft CRR does not envisage derogations to liquidity reporting for the Liquidity Coverage and Stable Funding Requirements.</p> <p>The draft CRR does not include such materiality threshold.</p> <p>Derogations to outflow rates, applying a higher outflow rate, will not be addressed in this ITS. Where applicable, it will be addressed by the individual guidelines or ITS dealing with the issue.</p>	No impact on ITS
Ratio Calculation Criteria Checks	<p>There were some requests to have the Liquidity Coverage and Stable Funding ratio calculations included in the reporting templates.</p> <p>Some respondents asked that the liquidity reporting templates be used to determine whether certain operational requirements for holdings of liquid assets have been met, or to determine currencies with constraints on the availability of liquid assets.</p>	<p>The ratio calculations will not be included in the reporting templates. The templates are to be used in a data monitoring and evaluation exercise. The final specification of the Liquidity Coverage Requirement will be part of legislation planned for 2015.</p>	No impact on ITS

Observation Period Data and EBA Engagement	<p>It was noted that the most recent QIS results have not been made public, questions were asked about the use of the data during the monitoring and observation periods, and how the EBA plans to use this data for the impact analysis and the final calibration.</p> <p>Some suggested the observation period reports could be supplemented with qualitative exchanges between the stakeholders and with feedback statements.</p> <p>Another suggestion was made that the EBA should provide a “help desk” approach during the observation period and there should be Q&A sessions in each jurisdiction.</p>	<p>The data from the 2012 QIS is currently being analysed by the EBA Impact Study Group (ISG) and is being used in the impact analysis of the liquidity metrics.</p> <p>The data from the observation period will be used in the same way. Using this data, the EBA is to report to the Commission in 2013 on whether the specification of the liquidity coverage requirement outlined in CRR is likely to have a material detrimental impact on the business and risk profile of Union institutions or on financial markets or the economy and bank lending. The EBA will not be releasing the full results of this analysis to the public or industry in the interim period.</p> <p>Furthermore, the EBA published the results of the Basel III monitoring exercise as of 31 December 2011 on 27 September. .</p> <p>The EBA is to consider adding an FAQ on completing the liquidity reporting templates and making this available on the EBA website. Individual queries should be first addressed to the relevant Competent Authority.</p>	No impact on ITS
Calendar Month	<p>There were requests for the EBA to state that the basis for 1 month cash flow reporting would be on a calendar month basis rather than on 30 days. It would still be for a 30 day stressed period but would be in line with industry and accounting norms.</p>	<p>The EBA is restricted to adhering to the CRR text on this point. The CRR states that it is cash flows over a 30 day period that will be used.</p> <p>It should be noted that the liquidity minimum ratios will have to be met on an ongoing basis, not just at month</p>	No impact on ITS

		end.	
Further Clarifications/ Definitions	<p>Further clarification and more detailed definitions were requested for a number of areas in the ITS and alignment with COREP, FINREP and Basel definitions. Some requested the ITS deal with any definition gaps that may remain following the finalisation of the CRDIV/CRR and that without further clarification there could be inconsistencies in the liquidity reports.</p> <p>There were requests for clarity on the treatment of Minimum Reserves, Intra-Group and Network transactions, CIU's, and defining certain assets and liabilities.</p>	The EBA will look at providing further detail on line items in the ITS where possible.	ITS amended accordingly
Additional Metrics	Some respondents suggested the use of other metrics other than LCR and NSFR to monitor liquidity risk. Some highlighted the shortcomings of Liquidity Coverage and Stable Funding to monitor liquidity risk between 1 and 12 months.	Article 403 (3) (b) of draft CRR mandates the EBA to develop an ITS on additional liquidity monitoring metrics. The EBA will consult on its proposals in due course.	No impact on ITS
Credit Quality	There was a suggestion that the CRD Credit Quality Steps should be incorporated into the ITS.	Credit Quality will be addressed in the report to the Commission on appropriate uniform definitions of high and extremely high liquidity and credit quality of transferable assets. The individual CRD credit quality steps will need to be included in the final ITS.	ITS amended.
Responses to questions in Consultation Paper EBA/CP/2012/05			
Question 1.	21 of the 28 respondents said that the first remittance dates proposed (31 January 2013 for Liquidity Coverage and 31 March 2013 for Stable Funding) would not be feasible. Some went so far as to say that it would be	Three months delayed application proposed.	ITS amended.

	<p>impossible whilst others labeled it "challenging".</p> <p>A common cause for such opposition was banks expectations of data quality, with many respondents protesting that they could not compile "fully audited" figures in this timeframe. The development of appropriate IT systems to facilitate COREP was a further concern, with many favoring a continuation of excel file submissions (as currently conducted for the voluntary monitoring period).</p> <p>In terms of alternative suggestions, if the data is expected to be fully accurate and prepared as part of the COREP platform, 11 of the respondents said they would need at least one year to prepare for the Liquidity Coverage requirements and Stable Funding requirements i.e. first remittance date of 1 Jan 2014. 5 said that a six month period would be sufficient and 2 suggested a three month period. The remaining did not comment on the timescale but said that more time would be needed.</p> <p>The majority of respondents were in favor of maintaining the voluntary "QIS" quarterly reporting exercise for the duration of 2013 as part of a phased approach.</p>		
Question 2.	<p>15 out of 28 respondents agreed that the 5% threshold was appropriately appointed. Of the eight that disagreed, alternative suggestions were proposed and varied between 8% and 20%.</p> <p>A number of institutions also raised the suggestion that some kind of hard limit should apply i.e. nothing less</p>	<p>Given broad agreement for the 5% threshold, this should be adopted. This threshold is also in line with the Basel requirements in this regard.</p> <p>Regarding the reporting of significant currencies, it is important to note that this is a requirement at both the individual institution and consolidated level according to</p>	None.

	<p>than €2bn gets reported etc.</p> <p>It was clear that there was a large amount of confusion surrounding whether the 5% threshold would apply at the individual entity level, the consolidated level, or both.</p> <p>Some institutions suggested that there should be an exemption from this requirement for those institutions which have 'fully hedged' their FX liquidity risk.</p>	<p>the text of CRR i.e. Article 403 (2) states "an institution [e.g. single entity reporting] has a significant liquidity risk in another currency". Whereas Article 10 states that groups shall comply with all the requirements of "part six" on a consolidated basis. This includes the requirement to report significant currencies on the same basis. Unless a waiver is granted, both requirements operate in tandem.</p> <p>Exemptions due to FX hedging are neither desirable, now allowed for in the CRR.</p>	
Question 3.	<p>None of the 28 respondents agreed to the proposal for a 15 calendar day remittance period. Suggestions for a more appropriate delay ranged from 20 to 90 days.</p> <p>A number of other questions were raised, which seem to be influencing institutions view over the proposed timescale, including:</p> <p>1) Whether it is a requirement that the figures be "audited" accounting data. The majority of institutions who made this assumption said that 15 days would not be appropriate for having an external review, full accountancy sign-off etc.</p> <p>Those institutions that interpreted Liquidity Coverage and Stable Funding reporting as a request for cash flow 'management information' (on an un-audited basis) on the other hand were more acceptable to the proposed remittance period.</p> <p>2) A number of institutions requested clarification as to</p>	<p>The majority of respondents in opposition to the 15 calendar day remittance period appeared to be influenced by a widespread assumption that figures for liquidity reporting need to be reconciled to audited balance sheet figures. This is most likely owing to the fact that liquidity reporting is operating on the COREP/FINREP IT platform.</p> <p>However, although these figures are expected to be fully accurate, they are mainly projected cash flows, i.e. management data. We would expect that the process for deriving this data undergoes audit and that reported data are reconciled ex-post with their realisations.</p> <p>On that basis, the 15 calendar day remittance period is deemed appropriate.</p> <p>However, the EBA considers to extend the remittance period to 30 days during the monitoring period until 2015, to ease implementation for institutions.</p>	ITS amended.

	whether this was 15 business or calendar days.		
Question 4.	<p>Almost all respondents commented to some degree on the design of the inflow and outflow items. These comments mainly focused on missing categories which institutions were used to completing as part of the voluntary monitoring exercise.</p> <p>Suggestions for additional sub-categories were wide ranging in nature. The most popular suggestions for additional items, outside of the scope of those listed in the draft CRR, included:</p> <ul style="list-style-type: none"> -Outflows due to secured funding relating to assets listed in Panel E of the EBA voluntary monitoring template -Outflows/Inflows due to collateral swaps -Outflows due to trade finance -Outflows/Inflows due to retail deposits >€1m -Outflows due to operational costs -Outflows/Inflows due to intragroup entities and cooperative network partners -Outflows due to maturing reverse repos covering shorts <p>The following changes were also suggested (not outside of the scope of CRR):</p>	<p>A number of the sub-categories of inflows and outflows suggested go beyond those mentioned in the CRR. However, we appreciate the industry's proposal to increase granularity of reporting items in the context of enhancing the content of the EBA's economic impact assessment.</p>	<p>Technical changes to the template:</p> <ul style="list-style-type: none"> -Separate categories for insured and uninsured deposits with established relationships. -Combining inflows from natural persons and small business customers into one i.e. "retail inflows", thereby making it consistent with the outflow counterpart. <p>Changes to instructions:</p> <p>Clarification on</p>

	<p>-“All other” inflows</p> <p>-Separate categories for insured and uninsured deposits with established relationships.</p> <p>-Combining inflows from natural persons and small business customers into one category i.e. “retail inflows”</p> <p>-Clarification on what “reducing” inflows means pursuant to Article 413.</p> <p>Many institutions asked for further granularity in the description of existing items.</p>		<p>what “reducing” inflows means pursuant to Article 413.</p> <p>Further granularity in the description of existing items, where this is possible.</p>
Question 5.	<p>Almost all institutions commented that the list of eligible transferable securities of “extremely high” and “high” “credit and liquidity quality” should not just follow the scope of the CRR, but incorporate at least all items listed in both Annex III of the regulation and Panel E of the EBA voluntary monitoring template.</p> <p>This therefore includes:</p> <ul style="list-style-type: none"> – Lower rated covered bonds – Lower rated non-financial corporate bonds – High quality RMBS – Gold – Equities featured in major indices 	<p>As there was widespread support for an expanded list of assets in the LCR reporting format, and as this could enhance the EBA’s economic impact assessment and the work on criteria for the determination of HQLA, the EBA agrees to enlarge granularity of the information collected. This may include the proposals made by respondents and the information contained in Panel E of the EBA LCR monitoring template.</p> <ul style="list-style-type: none"> – Lower rated covered bonds, – Lower rated non-financial corporate bonds, – High quality RMBS, – Gold, 	<p>Amendments possibly to be made after CRR adoption.</p>

	<p>Financial corporate bonds, own issuances and unsecured bank issuances are explicitly excluded in Article 404.2(a) and (b).</p> <p>Central Bank eligibility seemed to be the common guideline for how institutions suggested assets might be considered for inclusion. Some suggested a split between collateral that has been pre-positioned and collateral which has not.</p> <p>It was suggested that Govt Guaranteed bonds issued to credit institutions as part of government support measures and with EU state aid approval should be shown separately.</p> <p>A number of institutions raised concerns that international agreement on what constitutes liquid assets had not yet been reached, and therefore significant updates to the template would need to be made.</p>	<ul style="list-style-type: none"> – Equities featured in major indices, – Other assets, including own issuances, financial corporate bonds, unsecured bank issuances, lower credit quality RMBS <p>Reporting on a wider range of assets does not indicate their liquidity or viability as a source of liquidity coverage.</p>	
Question 6.	<p>Comments regarding the Stable Funding Requirement were less elaborated than those for the Liquidity Coverage Requirement. The majority of respondents agreed to the template as currently drafted, but raised the following issues:</p> <p>W) whether and how the choice of accounting standard affects reporting for the Stable Funding Requirement.</p> <p>2) Why a breakdown of encumbered vs. non-encumbered assets was included in the EBA voluntary monitoring template but not in this reporting format.</p>	<p>There were no substantive comments regarding sub-categories for the Stable Funding Requirement, other than the fact that encumbered and unencumbered assets are not separated out – unlike the voluntary monitoring template.</p> <p>Although the CRR makes no mention of this split, the EBA deems this to be useful for its report on the impact of the ratio.</p> <p>The choice of accounting standard does not affect the reporting mechanism here.</p>	<p>Technical:</p> <p>Sub-category for established relationship deposits in the Available Stable Funding Section will be added to align with the Liquidity Coverage and make validity</p>

	<p>3) Suggestions to include the applicable ASF and RSF weightings in the templates.</p> <p>4) Include the operational deposit distinction, used in the Liquidity Coverage template, also for the Stable Funding.</p>		<p>checks more possible.</p> <p>A breakdown of encumbered and unencumbered assets will be included within the template.</p>
--	---	--	---