

Comments

Consultation on the Data Point Model related to the Technical Standards on Supervisory Reporting Requirements for Liquidity Coverage and Stable Funding EBA/CP/2013/04

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The **German Banking Industry Committee** is the joint committee operated by the central associations of the German banking industry. These associations are the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR), for the cooperative banks, the Bundesverband deutscher Banken (BdB), for the private commercial banks, the Bundesverband Öffentlicher Banken Deutschlands (VÖB), for the public-sector banks, the Deutscher Sparkassen- und Giroverband (DSGV), for the savings banks finance group, and the Verband deutscher Pfandbriefbanken (vdp), for the Pfandbrief banks. Collectively, they represent more than 2,000 banks.

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Comments of the German Banking Industry Committee on EBA/CP/2013/04

LCR – Annex I: templates

1.1 Assets

1. Comments regarding LCR12

“transferable assets representing claims on or guaranteed by the central government of a Member State or a third country if the institution incurs a liquidity risk in that Member State or third country that it covers by holding those liquidity assets”

In point 1.3 firstly the term “central governments” is used and later in an “of which”-position the term “sovereigns” is used. The term should be used in a consistent manner.

Furthermore, it should be mentioned for clarification that securities of regional governments (e.g. German “Bundesländer”) have to be reported under point 1.3.1 (please refer to the June 2011 FAQ of the so-called Basel III-monitoring respectively the latest version of the CRR). The same applies to securities of the German Kreditanstalt für Wiederaufbau (KfW), which are state guaranteed and should in our opinion therefore be treated as PSEs and reported under point 1.3.2.

2. Comments regarding LCR13

“representing claims on or guaranteed by BIS, IMF, EC, or MDBs”

This position does not yet contain all international organisations which are included in Article 113 of the final CRR. Accordingly assets of the EFSF should also be reported in this point and should therefore be added.

“bonds eligible for the treatment set out in Article 124(3) or (4), which meet the criteria in Article 404.3(a) / bonds as defined in Article 52(4) of Directive 2009/65/EC other than those referred to in 1.9”

It is our understanding that all covered bonds within the meaning of Directive 2009/65/EG can be taken into account as liquid assets. The distinction made in Article 404 Para. 2 letter a) after i. and ii. CRR only refers to the type of collateral. Therefore separate reporting in the templates does not seem necessary and can be dropped.

3. Comments regarding LCR14

“own issuances”

According to the explanations of the CRR neither own issuances nor issuances made within a group are permitted as liquid assets. Hence the explanation for point 3.2 should be extended by issuances made by members of the same group.

“unsecured bank issuances”

Besides unsecured bank issuance we would include securities with a state guarantee in this position. If our understanding is correct, point 3.3 should be amended accordingly.

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"residential mortgage backed securities"

According to the Basel III Framework as of January 2013, RMBS transactions are eligible as liquid assets (Level 2b). The template should reflect this change.

4. General Comments

a) The breakdown into "credit quality steps" and the additional assignment to the category of (extremely) high credit- and liquidity-quality does not seem plausible.

Example:

A security rated BBB- (credit quality step = 3) may neither be seen as an asset of extremely high nor of high credit- and liquidity-quality.

b) According to the operational requirements of Article 405 letter c CRR liquid assets have to be available or realizable in legal terms and in practice within the next 30 days. For example the CRR therefore excludes securities received from reverse repo-transactions if the residual maturity is less than 30 days. In this respect the Basel III Framework explicitly points out that these securities qualify as liquid assets. We assume that these positions are still not to be reported in row 2.1 of the template but rather as liquid assets and ask for clarification.

1.2 Outflows

Comments regarding LCR22

"liabilities resulting from secured lending and capital market driven transactions as defined in Article 188: "

From our point of view the level of detail regarding the data requirements for repo-transactions is too high. A more condensed reporting would achieve a similar informative value.

1.3 Inflows

1. Comments regarding LCR32

"monies due from secured lending and capital market driven transactions as defined in Article 188: "

Along the lines of our comments regarding the outflows, we consider the level of detail regarding the data requirements for repo-transactions as too high.

2. Comments regarding LCR33

"other inflows"

We ask for an explanation of which data the EBA expects regarding this position and what purpose is intended to be served by this reporting requirement.

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NSFR – Annex I: templates

1. Items requiring stable funding

1. Comments on points 480 – 610

“bonds eligible for the treatment set out in Article 124(3) or (4), which meet the criteria in Article 404.3(a) / bonds as defined in Article 52(4) of Directive 2009/65/EC other than those referred to in 1.9”

Along the lines of our comments on LCR13 and NSFR 270 + 280 separate reporting in the templates does not seem necessary and can be dropped.

2. Asset encumbrance

With reference to EBA/CP/2013/05 regarding “asset encumbrance” we would like to point out the fact that several issues are repeated in the context of the NSFR as well as in the templates regarding “asset encumbrance”. In our opinion it is therefore reasonable to report data on encumbrance only in the context of one reporting requirements and not within the NSFR.

2. Items providing stable funding

1. Comments on points 110 – 260

“liabilities from customers that are ... / liabilities from secured lending and capital market driven transactions ...”

Also in this point we consider the level of detail of the reporting of repos as too to high.

2. Comments on points 270 + 280

“liabilities resulting from securities issued qualifying for the treatment in Article 124 / liabilities resulting from securities defined in Article 52(4) of Directive 2009/65/EC”

Along the lines of our comments on the LCR (please refer to LCR13), we consider separate reporting in the templates unnecessary.