

# Comments

## **Consultation Paper on the Data Point Model related to the EBA draft Implementing Technical Standards on Supervisory Reporting Requirements for Leverage Ratio under the draft Capital Requirements Regulation EBA/CP/2013/03**

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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/2013/03

### Liquidity Coverage Ratio – Annex I: Templates

#### Annex I – Templates

##### General Comment

The templates on the leverage ratio do not reflect the latest text of the CRR after the political agreement of the trialogue parties, especially regarding the treatment of STFs in accordance with Article 416 Par. 3 in conjunction with Par. 5 and 7 CRR. We therefore ask for clarification of which method is to be used to calculate the LR exposures for SFTs.

##### Part A - LRCalc - Template LRCalc: Leverage ratio calculation und

##### Part B - LR1 - Template LR1: Alternative treatment of the Exposure Measure

Security Financing Transactions not covered by a master agreement

1. Positions LRCalc, 020, 010-030 and LR1, 080, 010 and/or 020

A reference seems to be missing between the information related to "Security Financing Transactions not covered by a master agreement" in accordance with LR-templates\_renumbered in LRCalc (Row 020, Column 010-030) as well as in LR1 (Row 080, Column 010 – Accounting balance sheet value and Column 020 – Accounting value assuming no netting or other CRM). It is our understanding that the LR-exposure-value in accordance with LRCalc and the accounting balance sheet value in accordance with LR1 correspond. We therefore ask for this to be clarified in the wording. Moreover the validation rules should reflect this.

2. Positions LR1, 080, 040

For SFTs which are not covered by a master agreement, information has to be provided regarding the values after netting (Value netting rules (SFTs)) in accordance with "method 3". The explanatory text regarding "Annex IV (b) - INSTRUCTIONS LEVERAGE RATIO REPORTING (Revised Annex II of EBA/CP/2012/06)" for position LR1, 070, 040 - Securities financing transactions covered by a master netting agreement - Method 3 and position LR, 080, 040 - Securities financing transactions not covered by a master netting agreement - method 3 is identical.

On the one hand it is not clear to us what is meant by "Method 3" as no reference is provided, on the other hand it is not clear which value has to be reported for SFTs which are not covered by a master agreement. We therefore ask for reference to be provided to the related documents and for clarification regarding the value to be reported.

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Furthermore, it is explained that exposures which the securities lender still holds on the balance sheet as an asset shall not be considered for the leverage ratio if the securities lender has the right to pledge or to borrow against the asset. We do not see any realistic business model behind this as the asset already serves as collateral. We therefore ask for clarification.

### **Part B - LR4 - Template LR4: Breakdown of leverage ratio exposure measure components (Zeilen 110, 120, 130, 150, 160, 170)**

Regional governments and local authorities, MDBs, international organisations and PSEs

Position LR4, Row 110-130 und 150-170, Column 010-040

Exposures allocated to the SA exposure classes regional governments and local authorities, MDBs, international organisations and PSEs are to be reported separately for the Standardized Approach (SA) and the Internal Ratings Based Approach (IRBA) as LR exposure values as well as risk weighted assets (RWA)

This breakdown does not exist in the current COREP templates (please also refer to Validation Rules) and therefore involves an additional burden regarding data processing and data supply for banks. We do not see any additional information or additional benefit for the leverage ratio generated by this breakdown. Therefore the breakdown should be along the lines of the COREP templates CR SA and CR IRB.

### **Annex II – Validation Rules**

Due to the following points the question is raised whether the templates in the consultation paper reflect the status quo:

- Within the validation rules reference is made to tables which are not part of the consultation paper (e.g. LR43).
- The references to columns are not always correct. In LR 2 for example, reference is made to Column "010". This reference to Column "010" is made twice. Should this reference not be to Column "020"?
- The formula in LR 2 seems to be incorrect: Row 10 in Column 1 and 2 computes the gross exposure of the banking book for SA and IRBA. In contrast to the Basel III monitoring template Row 100 ("defaulted exposures") is not included however. We ask for clarification of whether this is intended.