EBA/GL/2014/02

05 June 2014

Guidelines

on disclosure of indicators of global systemic importance

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1. Executive summary

Pursuant to Article 131(1) of Directive 2013/36/EU ('the Directive'), competent or designated authorities in the Member States shall identify European banks that represent a higher risk to the global financial system as Global systemically important institutions (G-SIIs).

Article 441 of Regulation (EU) No 575/2013 (the 'Regulation') requires G-SIIs to make public the values used for the identification and scoring process in accordance with certain uniform formats and dates specified in the draft ITS. To ensure a transparent identification process and a level playing field, especially prior to the identification of any G SIIs, and to enable Member States' authorities to inform themselves about the data of banks authorised in other Member States in the identification process, pursuant to these Guidelines other large entities with an overall exposure exceeding EUR 200 billion, which fall into the scope of Article 131(1) of Directive 2013/36/EU and are potentially systemically important, will also be subject to the same disclosure requirement.

In addition, the Guidelines contain detailed instructions for each of the data points included in the template.

2. Background and rationale

Uniform and meaningful disclosure requirements are necessary to guarantee fair competition between comparable groups of institutions and to ensure greater convergence of supervisory practices and the accurate assessment of risks across the EU. They improve data quality and strengthen market discipline. With this in mind, G-SIIs should be subject not only to additional capital requirements, but also to greater public scrutiny than average institutions. These disclosure requirements should not only apply to institutions that have already been identified as G-SIIs, but also to other large entities that have an overall exposure exceeding EUR 200 billion, which fall into the scope of Article 131(1) of Directive 2013/36/EU, as they also constitute a potentially significant threat to financial stability. The draft Guidelines go beyond the requirements of the Regulation, which only addresses G-SIIs, and also aim to enable Member State authorities to perform the identification and scoring process and disclosure, in particular before any G-SIIs have been identified. The Guidelines are addressed to both competent authorities and institutions.

To ensure comparability in order to facilitate the work of Member States' authorities, as well as scrutiny by the public at large, and to achieve the aim of improving data quality and strengthening market discipline, the means of disclosure should also be uniform. Therefore the draft Guidelines go beyond Article 434 of the Regulation and state that all institutions subject to the disclosure requirements should disclose the data concerned in electronic form on their websites. Detailed instructions on how to complete the templates have been included in the Guidelines. Further questions of institution should be discussed with the relevant competent authority.

The bundle of draft RTS on identification methodology of G-SIIs, draft ITS on disclosure and these Guidelines will be under ongoing review as the BCBS identification process provides for regular reviews of the identification methodology every three years.

A public consultation on the draft RTS on identification methodology together with the ITS and the Guidelines on disclosure was held in the period from 12 December 2013 to 28 February 2014, and in a public hearing on 28 January 2014. Nine responses were submitted, of which eight have been published on the EBA website. Most respondents welcomed the approach of using the same indicators as the BCBS. In line with their comments, the indicator data, template and instructions have been updated for the latest data collection exercise. Some further clarifications, including. on the definitions relevant for the scope of the disclosure have also been made. Despite requests to postpone the disclosure date, the disclosure of the data required by the draft ITS and the Guidelines by the BCBS should remain subject to identical deadlines.

3. EBA Guidelines on disclosure of indicators of global systemic importance

Status of these Guidelines

This document contains guidelines issued pursuant to Article 16 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), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (‘*the EBA Regulation*’). In accordance with Article 16(3) of the EBA Regulation, competent authorities and financial institutions must make every effort to comply with the guidelines.

Guidelines set out the EBA’s view of appropriate supervisory practices within the European System of Financial Supervision or of how Union law should be applied in a particular area. The EBA therefore expects all competent authorities and financial institutions to whom guidelines are addressed to comply with guidelines. Competent authorities to whom guidelines apply should comply by incorporating them into their supervisory practices as appropriate (e.g. by amending their legal framework or their supervisory processes), including where guidelines are directed primarily at institutions.

Reporting requirements

According to Article 16(3) of the EBA Regulation, competent authorities must notify the EBA as to whether they comply or intend to comply with these guidelines, or otherwise with reasons for non-compliance, by 30 September 2014. In the absence of any notification by this deadline, competent authorities will be considered by the EBA to be non-compliant. Notifications should be sent by submitting the form provided at Section 5 to compliance@eba.europa.eu with the reference ‘EBA/GL/2014/02’. Notifications should be submitted by persons with appropriate authority to report compliance on behalf of their competent authorities.

Notifications will be published on the EBA website, in line with Article 16(3).

Title I - Subject matter, scope and definitions

1. The Guidelines concern the annual disclosure of the values of the indicators used to determine the score of institutions in accordance with the methodology for identifying global systemically important institutions specified in Article 131 of Directive 2013/36/EU. The Guidelines seek to ensure the consistent application of the implementing technical standards, specifying the uniform formats and the date for disclosure, adopted pursuant to Article 441 of Regulation (EU) No 575/2013 and to encourage disclosure by a wider range of institutions, taking into account the systemic risk posed. The Guidelines take into account the process agreed by the Basel Committee on Banking Supervision for identifying global systemically important institutions.

2. The Guidelines apply to EU parent institutions, EU parent financial holding companies, EU parent mixed financial holding companies and institutions that are not subsidiaries of an EU parent institution or EU parent financial holding company or EU parent mixed financial holding company ('relevant entities') which observe a leverage ratio exposure measure exceeding EUR 200 billion using an adequate exchange rate, which takes into account the reference exchange rate published by the European Central Bank applicable at the financial year end and international standards, and to competent authorities within the meaning of Article 4(40) of Regulation (EU) No 575/2013, including the European Central Bank with regard to matters relating to the tasks conferred on it by Regulation (EU) No 1024/2013.

Title II- Requirements regarding disclosure by institutions

3. The competent authorities should ensure that the relevant entities publicly disclose the values of the indicators used to determine the score of institutions on an annual basis and in accordance with the identification methodology referred to in Article 131 of Directive 2013/36/EU.

4. The competent authorities should ensure that the disclosure is made using the electronic template published for this purpose on the EBA website and in accordance with the implementing technical standards adopted pursuant to Article 441 of Regulation (EU) No 575/2013, taking into account the instructions set out in the Annex to the Guidelines. Pending the application of such implementing technical standards, the relevant entities should publicly disclose the financial year-end information no later than four months after each financial year-end. The competent authorities may allow relevant entities whose financial year-end does not coincide with 31 December to report indicator values based on their position closer to 31 December. In any case, disclosure of the information should occur no later than 31 July, for the first time in 2014.

5. The competent authorities should ensure that the indicator values are identical to those submitted to the Basel Committee on Banking Supervision.

Title III- Communication of disclosed values of indicators

6. The relevant entities should publish their individual templates on their websites. Insofar as possible, these templates should also be included in the document containing information

requested as specified in Part Eight of Regulation (EU) No 575/2013 of 26 June 2013, or a reference should be made in this document to the website where the templates are disclosed.

7. The competent authorities should provide the EBA with the values of the indicators when they are publicly disclosed in the format required by the implementing technical standards adopted pursuant to Article 441 of Regulation (EU) No 575/2013 for centralisation purposes on the EBA website.

Title IV- Final provisions and implementation

8. These Guidelines shall apply after their publication on the EBA website.

9. The competent authorities should notify the EBA whether or not they and the relevant entities in their jurisdiction have complied with the disclosure requirements included in Title II.

Annex 1 – Instructions for completion of the disclosure template in accordance with the ITS pursuant to Article 441 of Regulation (EU) No 575/2013

1. Data is required for all collected metrics.
2. Where data constraints exist, quantitative data on a 'best-efforts' basis may be provided. In the event of doubt, the competent authority should be consulted on how to proceed. Where estimates have been used, the 'Comments' column should contain the word 'Estimated'.
3. Cells may be assigned a value of zero if one of the following two cases applies:
    a) The reporting group's activity regarding the requested metric is truly zero. In this case, the 'Comments' column should contain the words 'Confirmed zero'.
    b) The requested value cannot be provided due to insufficient data granularity, but has been included on a separate line within the same panel. In this case, the 'Comments' column should contain the words 'Lack of breakdown', and information regarding the location of the aggregate figure should be provided in the 'Comments' column.
4. Under no circumstances should text (e.g. 'n/a' or 'none') be entered into a data cell.
5. Institutions are free to choose the reporting currency used, but the EBA strongly advises the use of the same currency used to submit similar information to the Basel Committee of Banking Supervision. Similarly, the exchange rate to be applied should be the same. The reporting currency should be used for all values in the workbook except for the payments data in panel D1, which are reported using the original currency of the payment.
6. Institutions should also indicate the unit used for reporting (1, 1,000 or 1,000,000). The same unit should be used for all amounts throughout the workbook. This also applies to the payments data in panel D1. When choosing the reporting unit, it should be considered that the worksheet shows all amounts as integers.
7. Data should be reported as of the financial year end closest to the end of December, i.e. the financial year and falls in the period 1 July of year X to 30 June of year X+1. Relevant entities whose financial year ends on 30 June should arrange with the competent authority and the EBA to use interim data based on their position as at the end of December rather than financial year-end data, if it serves the objective of reporting data closer to the end of December.
8. Certain data items require aggregated activity over the reporting year, which is defined as the twelve months immediately preceding the reporting date.

Data workbook

Section 1, items 1.a to 1.h: General data

Item	Label	Description
1.b(1)	Reporting date	Select the date as of which all data are reported.

1.b(2)	Reporting currency (ISO code)	Three-character ISO code for currency
1.b(4)	Unit (1, 1000, 1000000)	Units in which results are reported
1.b(5)	Accounting standard	Accounting standard used (e.g. IFRS, US GAAP)
1.b(6)	Location of public disclosure	Location where the G-SII indicator values are being publically disclosed. If the information is available on the Web, please include the relevant URL

Section 2, items 2.a to 2.n: On-balance sheet items

The size indicator detailed below is intended to match the total exposures value defined for use in the Basel III leverage ratio as of December 2012. Total exposures (item 2.o) in the MPG reporting template will NOT match cell J128 in the leverage ratio worksheet of version 2.6 of the Basel III implementation monitoring reporting template, as the formula has been updated since the December 2012 collection. Note that all positions should be included, regardless of whether they are included in the trading or banking book. Appendix 1 provides further detail on the cross-references to the Basel III implementation monitoring reporting template.

Item	Label	Description
2.a	Counterparty exposure of derivatives contracts	Report the counterparty risk exposure of derivatives after applying the regulatory netting standards based on the Basel II framework (not the accounting rules for netting). Data should not include any other credit risk mitigation effects. Derivatives traded OTC, on an exchange and through a CCP, should all be included. Collateral received (whether cash or non-cash) should not be netted against the (net) derivatives position (the net derivatives position is the (positive) difference between positive and negative fair values of derivatives in a netting). Where the applicable accounting standards permits an institution to net payables (to return cash collateral) from the corresponding derivative asset, the institution should first gross-up the derivative asset before calculating the net replacement cost in the formula in paragraphs 186 and 187 of the Basel II framework (which provides the formula for calculating the counterparty credit risk under the Current Exposure Method). Using this same formula, all institutions should set the value of the volatility adjusted collateral amount (CA) to zero. If a derivatives transaction is not covered under a qualifying Basel II netting agreement, the derivative exposure amount should be reported on a gross basis.
2.b	Gross value of securities financing transactions (SFTs)	Report the gross value (net of specific provisions and valuation adjustments) of SFTs (SFTs include transactions such as repurchase agreements, reverse repurchase agreements, security lending and borrowing, and margin lending transactions, where the value of the transaction depends on market valuations and the transaction itself is often subject to margin agreements) assuming no accounting netting or credit risk mitigation effects. SFT assets should be reported with no recognition of accounting netting of (cash) payables against (cash) receivables as permitted under relevant accounting standards. In situations where the relevant accounting standards require the institutions to recognise as an asset the security received in a SFT, the value of such a security must be reported in item 2.d(1). SFTs

		traded OTC, on an exchange and through a CCP, should all be included.
2.c	Counterparty exposure of SFTs	Report the counterparty exposure of SFTs. Data should not include any other credit risk mitigation effects. SFTs traded OTC, on an exchange and through a CCP should all be included. For SFTs, the counterparty exposure value is determined as the total fair value amount of securities and cash lent to a counterparty for all transactions included in a qualifying Basel II netting agreement (a qualifying netting agreement is a netting agreement that meets the requirements under paragraphs 173 and 174 of the Basel II framework), less the total fair value amount of cash and securities received from the counterparty for those transactions, floored at zero (institutions should apply the following part of the formula as set out in paragraph 176: $E^* = \max \{0, [(\Sigma(E) - \Sigma(C)]\}$. Therefore, for the scope of the leverage ratio, the haircuts for Es (the net position in a given security) and Efx (the net position in a currency) should not be considered. Where no qualifying Basel II netting agreement is in place, the counterparty exposure value of SFT must be calculated on a transaction-by-transaction basis (i.e. each SFT is treated as its own netting set).
2.d	Other assets	Report the value of any other assets not specifically identified in any of the rows above (e.g. liquid assets as defined under the liquidity coverage ratio, exposures to own securitisations that meet the accounting criteria for derecognition and which are not consolidated on the institution's balance sheet, securitised exposures that do not meet the accounting criteria for derecognition or which are consolidated on the institution's balance sheet, failed and unsettled transactions, and more generally any other accounting assets not included under derivatives or SFT items). This includes any instrument (including cash) borrowed or lent through an SFT when it is reported on the accounting balance sheet. Report the data using the sum of accounting values (net of specific provisions and valuation adjustments), assuming there are no accounting netting or credit risk mitigation effects (i.e. gross values).
2.d(1)	Securities received in SFTs that are recognised as assets	Report the value of securities received in an SFT that are recognised as an asset under the applicable accounting standards. For example, under US GAAP, a security transferor must recognise a security received in a securities lending transaction as an asset if the transferor has the right to hypothecate the security, but has not done so.

Item	Label	Description
2.f	Potential future exposure of derivative contracts – Method 1	Report the potential future exposure of derivatives when applying the current exposure method and Basel II netting standards. Data should not include any credit risk mitigation effect other than the regulatory netting. The add-on for credit derivatives should be calculated according to the full text of paragraph 707, including the footnote. This implies

		that the add-on of sold CDS subject to close-out should be capped at unpaid premiums, while the add-on for sold CDS not subject to close-out should not be included. Paragraph 707 should be applied to all credit derivatives, whether they are included in the banking book or in the trading book. When calculating the add-on for netted transactions (ANet in the formula in paragraph 96(iv) of Annex IV of the Basel II framework), banks should not consider in the net replacement the cost of the collateral received, irrespective of the treatment of the collateral by the applicable accounting standards.
2.g	Notional amount of off-balance sheet items with a 0% CCF	Report the notional value of off-balance sheet items that would be assigned a 0% credit conversion factor (CCF) as defined in the standardised approach to credit risk in the Basel II framework, i.e. commitments that are unconditionally cancellable at any time by the bank without prior notice (UCC), or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness (see paragraph 83 of the Basel II framework and the footnote to this paragraph). Please note that rows 3d and 3e do not total row 3c, since the latter includes commitments that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness, but are not UCC.
2.g(1)	Unconditionally cancellable credit cards commitments	Report the notional value of credit cards commitments that are unconditionally cancellable at any time by the bank without prior notice (UCC) that would receive a 0% CCF under the standardised approach to credit risk. Credit card commitments that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness but are not UCC should not be included in this row.
2.g(2)	Other unconditionally cancellable commitments	Report the notional value of other commitments that are unconditionally cancellable at any time by the bank without prior notice that would receive a 0% CCF under the standardised approach to credit risk. Commitments that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness but are not UCC should not be included in this row.
2.h	Notional amount of off-balance sheet items with a 20% CCF	Report the notional value of off-balance sheet items that would be assigned a 20% CCF as defined in the standardised approach to credit risk (see paragraphs 83 and 85 of the Basel II framework and footnote to paragraph 83).
2.i	Notional amount of off-balance sheet items with a 50% CCF	Report the notional value of off-balance sheet items that would be assigned a 50% CCF as defined in the standardised approach to credit risk (see paragraphs 83, 84(ii) and 84(iii) of the Basel II framework). This includes liquidity facilities and other commitments to securitisations incorporating the changes according to the Enhancements to the Basel II framework[1], i.e. the CCF for all eligible liquidity facilities in the securitisation framework is 50% regardless of the maturity. OBS exposures to originated securitisations should be included only if the securitisations have met the accounting criteria for derecognition (to avoid double counting).

[1] The document is available under www, bis.org/pub/bcbs157.pdf.

2.j	Notional amount of off-balance sheet items with a 100% CCF	Report the notional value of off-balance sheet items that would be assigned a 100% CCF as defined in the Standardised Approach to credit risk (see paragraphs 83(i), 83 (ii), 84 and 84(i) of the Basel II framework). This includes liquidity facilities and other commitments to securitisations incorporating the changes according to the Enhancements to the Basel II framework. OBS exposures to originated securitisations should be included only if the securitisations have met the accounting criteria for derecognition and are not consolidated on the bank's balance sheet (to avoid double counting).
2.l	Entities that are consolidated for accounting purposes and not for risk-based regulatory purposes	Report the exposures of entities (financial, securitisation and commercial) that are consolidated for accounting purposes and not for risk-based regulatory purposes. In determining the exposure measure of each type of entities, the following criteria apply. 1. Financial entities' exposures should be determined in accordance with paragraphs 157 to 164 of the Basel III standards and then pro-rated for their inclusion in the leverage ratio exposure measure according to paragraph 156.[2] Assuming bank A has purchased 75% of investee B at book value and that Investee's equity is 4 (ie the bank A's investment value is 3 and there's a minority interest of 1). Assuming that investee B's total exposure amount (determined according to paragraphs 157 to 164 of the Basel III standards) is 40 and that 2.2 of A's investment in B must be deducted from the common equity tier 1 capital of bank A according to paragraphs 84 to 89 of the Basel III standards. Based on these assumptions, the proportion of the investee's capital (net of minority interests) that is included in bank A's capital is 26.7% – ie 1 – [2.2 / (4 – 1)]. Accordingly, bank A should include 26.7% of the investee's exposure measure, which is 10.7 (26.7% of 40). 2. Securitisation entities' exposures should be determined in accordance with paragraphs 157 to 164 of the Basel III standards and then included in the leverage ratio exposure measure in their entirety. 3. Commercial entities' exposures should be determined in accordance with paragraphs 157 to 164 of the Basel III standards and then included in the leverage ratio exposure measure in their entirety.
2.l(1)	On-balance sheet assets	Report the total on-balance sheet assets for entities consolidated for accounting purposes, but not for risk-based regulatory purposes.
2.l(2)	Potential future exposure of derivatives contracts	Report the potential future exposure of derivatives when applying the current exposure method and Basel II netting standards for entities consolidated for accounting purposes, but not for risk-based regulatory purposes.
2.l(3)	Unconditionally cancellable commitments	Report the notional value of unconditionally cancellable commitments for entities consolidated for accounting purposes, but not for risk-based regulatory purposes.
2.l(4)	Other off-balance sheet commitments	Report the notional value of other off-balance sheet commitments for entities consolidated for accounting purposes, but not for risk-based regulatory purposes.
2.l(5)	Investment value in the consolidated entities	Report the accounting value of the investment in the consolidated entities. For financial entities, only the portion of the investment not deducted from banks' capital should be included. For the investments in securitisation and commercial entities, the full

[2] Paragraph 156 states: "According to the treatment outlined in paragraphs 84 to 89, where a financial entity is included in the accounting consolidation but not in the regulatory consolidation, the investments in the capital of these entities are required to be deducted to the extent that they exceed certain thresholds. To ensure that the capital and exposure are measured consistently for the purposes of the leverage ratio, the assets of such entities included in the accounting consolidation should be excluded from the exposure measure in proportion to the capital that is excluded under paragraphs 84 to 89."

		investment value should be included.
2.m	Regulatory adjustments	Report the value of regulatory adjustments as captured in the leverage ratio worksheet in the Basel III implementation monitoring reporting template This value includes the adjustments to Tier 1 and CET1 capital under the fully phased-in Basel III framework.
2.n(1)	Receivables for cash collateral posted in derivatives transactions	Report the net receivables for cash collateral posted by the bank as a result of the bank's net liability for qualifying derivatives transactions that are covered by written, legally enforceable netting agreements where the derivative exposures are marked-to-market on a daily basis and are subject to daily margin maintenance requirements (variation margins). Banks that are permitted under the applicable accounting standards to net the receivable for cash collateral posted against the related derivative liability (negative fair value) and that elect to do so, must reverse out the netting and report the net cash receivable. Thus, this item should capture the value of all cash collateral posted in derivatives transactions that reduced the bank's on-balance sheet assets under the applicable accounting framework.
2.n(2)	Net notional amount of credit derivatives	Report the total notional amount of credit protection sold less the amount of qualifying credit protection bought. A purchased credit derivative qualifies for deduction if it covers the same underlying reference name as the protection sold and has a maturity equal to or greater than the maturity of that protection (ie there is no maturity mismatch between the written and purchased protection). Reference names are the same only if they refer to the same legal entity and level of seniority. Include credit derivatives from both the banking book and the trading book. Protection purchased on a pool of reference entities may offset protection sold on individual reference names if the protection purchased is economically equivalent to buying protection separately on each of the individual names in the pool (this would, for example, be the case if a bank were to buy protection on an entire securitisation structure to offset protection sold on a single tranche of the same securitisation). If a bank purchases protection on a pool of reference names, but the credit protection does not cover the entire pool (ie the protection covers only a subset of the pool, as in the case of an n-th to default credit derivative or a tranche of a securitisation), then offsetting is not permitted for protection sold on individual reference names. However, such purchased protection may offset sold protection on a pool, only if the purchased protection covers the entirety of the subset of the pool on which protection has been sold. In other words, offsetting may only be recognised when the pool of reference entities and the level of subordination in both transactions are identical.
2.n(3)	Net notional amount of credit derivatives for entities in item 2.l.	Report the net notional amount of credit derivatives for entities consolidated for accounting purposes but not for risk-based regulatory purposes. The net exposure should be determined according to the criteria detailed in item 2.n (2).
2.n(4)	On and off-balance sheet exposures between entities included in item 2.l.	Report the on- and off-balance sheet exposures of each entity to other entities consolidated for accounting purposes but not for risk-based regulatory purposes. The exposure should be determined according to the criteria detailed in items 2.a through 2.j, with one exception: unconditionally cancellable commitments should be included after applying a 10% credit conversion factor.
2.n(5)	On and off-balance sheet exposures of entities included in item 2.l. to entities consolidated for risk-based regulatory purposes	Report the on- and off-balance sheet exposures of each entity consolidated for accounting purposes but not for risk-based regulatory purposes, to entities consolidated for risk based-regulatory purposes. The exposure should be determined according to the criteria detailed in items 2.a through 2.j, with one exception:

		unconditionally cancellable commitments should be included after applying a 10% credit conversion factor.
2.n(6)	On and off-balance sheet exposures of entities consolidated for risk-based regulatory purposes to entities included in item 2.l.	Report the on- and off-balance sheet exposures of each entity consolidated for risk based-regulatory purposes to entities consolidated for accounting purposes but not for risk-based regulatory purposes. The exposure should be determined according to the criteria detailed in items 2.a through 2.j, with one exception: unconditionally cancellable commitments should be included after applying a 10% credit conversion factor. Exposures to financial entities must be pro-rated according to paragraph 156 (see instructions for item 2.l).
2.n(7)	Total exposures for the calculation of the leverage ratio (January 2014 definition)	Report total exposures as defined in the January 2014 Basel III leverage ratio framework.[3] This value can be calculated using the December 2013 version (v2.7) of the Basel III monitoring workbook.

Section 3, items 3.a to 3.e: Intra-financial system assets

For the purpose of the interconnectedness indicators, financial institutions are defined as including banks (and other deposit-taking institutions), bank holding companies, securities dealers, insurance companies, mutual funds, hedge funds, pension funds, investment banks and central counterparties (CCPs). Central banks and other public sector bodies (eg multilateral development banks) are excluded, but state-owned commercial banks are included. Sections 3 and 4 are both related to intra-financial activity. Section 5 captures the securities issued by the relevant entity.

Item	Label	Description
3.a	Funds deposited with or lent to other financial institutions	Report all funds deposited with or lent to other financial institutions (i.e. financial institutions outside the reporting group). Lending should include all forms of term/revolving lending, acceptances of other banks, and other extensions of credit to financial institutions. Do not include commercial paper, which is reported in item 3.c(4). Deposits should include balances due from financial institutions. Include certificates of deposit, but do not include margin accounts.
3.a(1)	Certificates of Deposit	Report the total holdings of certificates of deposit due from unaffiliated financial institutions as included in item 3.a.
3.b	Undrawn committed lines extended to other financial institutions	Report the nominal value of all undrawn committed lines extended to other financial institutions.
3.c	Holdings of securities issued by other financial institutions	This item should reflect all holdings of securities issued by other financial institutions. Total holdings should be reported at fair value for securities classified as held-for-trading and available-for-sale; held-to-maturity securities should be reported at amortised cost. Do not report products where the issuing institution does not back the performance of the asset (eg asset-backed securities). If the breakdown is unavailable for one or more of these values, please fill the cell(s) for the non-available value(s) with a "0" and provide the available total in one of the other rows of the panel. The comments section for the row with the available total should

[3] See https://www.bis.org/publ/bcbs270.pdf.

		state which subcategories have been included.
3.c(1)	Secured debt securities	Report the total holdings of secured debt securities (e.g. covered bonds).
3.c(2)	Senior unsecured debt securities	Report the total holdings of senior unsecured debt securities.
3.c(3)	Subordinated debt securities	Report the total holdings of subordinated debt securities.
3.c(4)	Commercial paper	Report the total holdings of commercial paper of unaffiliated financial institutions.
3.c(5)	Stock (including par and surplus of common and preferred shares)	Report total equity holdings, including common and preferred shares.
3.c(6)	Offsetting short positions in relation to the specific stock holdings included in item 3.c(5)	Report the fair value of the reporting group's liabilities resulting from short positions held against the stock holdings included in item 3.c(5).
3.d	Net positive current exposure of securities financing transactions with other financial institutions	You should include the following: (a) net positive reverse repurchase agreement exposure, where the value of the cash provided exceeds the fair value of the securities received; (b) net positive repurchase agreement exposure, where the fair value of the securities provided exceeds the value of the cash received; (c) net positive securities lending exposure, where the fair value of securities lent exceeds the value of cash collateral received (or the fair value of non-cash collateral received); and (d) net positive securities borrowing exposure, where the value of cash collateral provided (or the fair value of non-cash collateral provided) exceeds the fair value of securities borrowed. The reported value is not intended to reflect amounts recorded on the balance sheet. Rather, it represents the single legally owed amount per netting set. Netting should only be used where the transactions are covered by a legally enforceable netting agreement (see paragraph 173 under the Basel II framework). Where these criteria are not met, the gross balance sheet amount should be reported. Do not include conduit lending transactions. Where balance sheet amounts must be used (i.e. for transactions that are not under an eligible netting agreement), banks should report on the basis of the accounting standard they have specified in item 1b(5).
3.e	Over the counter (OTC) derivatives with other financial institutions that have a net positive fair value	
3.e(1)	Net positive fair value (include collateral held if it is within the master netting agreement)	Report the sum of net positive fair value OTC derivative exposures netted only where legally enforceable and in accordance with Basel II regulatory netting rules (i.e. designated, legally enforceable, netting sets or groups). Only netting sets with a positive value should be included. Netting sets where the net result is negative should be captured in item 4.e(1). Basel II defines netting sets in Annex 4 of the Basel II framework. Include collateral held only if it is within the master netting agreement (i.e. pursuant to legally enforceable Credit Support Annexes (CSAs)). If applicable, net opposing collateral positions (e.g. initial margin posted with variation margin held). Deduct the net collateral position from the underlying obligation only if it reduces the overall exposure. If the net collateral exceeds the payment obligation due to the bank, record a fair value of zero for the netting set.
3.e(2)	Potential future exposure	Report the amount of potential future exposure (PFE), calculated, using the current exposure method, for the derivatives included in item 3.e(1). Include the PFE for any netting sets with a fair value of zero.

Section 4, items 4.a to 4.g: Intra-financial system liabilities

Item	Label	Description
4.a	Deposits due to depository institutions	Report total deposits due to (i.e. deposited by) depository institutions.
4.b	Deposits due to non-depository financial institutions	Report total deposits due to non-depository financial institutions.
4.c	Undrawn committed lines obtained from other financial institutions	Report the nominal value of all undrawn committed lines obtained from other financial institutions.
4.d	Net negative current exposure of securities financing transactions with other financial institutions	Should include: (a) net negative reverse repurchase agreement exposure, where the fair value of securities received exceeds the value of the cash provided; (b) net negative repurchase agreement exposure, where the value of the cash received exceeds the fair value of the securities provided; (c) net negative securities lending exposure, where the value of cash collateral received (or the fair value of non-cash collateral received) exceeds the fair value of securities lent; and (d) net negative securities borrowing exposure, where the fair value of securities borrowed exceeds the value of cash collateral provided (or the fair value of non-cash collateral provided). The reported value is not intended to reflect amounts recorded on the balance sheet; rather, it represents the single legally owed amount per netting set. Netting should only be used where the transactions are covered by a legally enforceable netting agreement (see paragraph 173 of the Basel II framework). Where these criteria are not met, the gross balance sheet amount should be reported. Do not include conduit lending transactions. Where balance sheet amounts must be used (i.e. for transactions that are not under an eligible netting agreement), banks should report on the basis of the accounting standard they have specified in item 1.b(5).
4.e(1)	Net negative fair value (include collateral provided if it is within the master netting agreement)	Report the sum of net fair value OTC derivative liabilities netted only where legally enforceable and in accordance with Basel II regulatory netting rules (i.e. designated, legally enforceable, netting sets or groups). Only netting sets with a negative value should be included here. Netting sets where the net result is positive should be captured in item 3.e (1). Basel II defines netting sets in Annex 4 of the Basel II framework. Include collateral provided only if it is within the master netting agreement (i.e. pursuant to legally enforceable Credit Support Annexes (CSAs)). If applicable, net opposing collateral positions (e.g. initial margin held with variation margin posted). Deduct the net collateral position from the underlying obligation only if it reduces the overall exposure. If the net collateral exceeds the payment obligation owed to the counterparty, record a fair value of zero for the netting set.
4.e(2)	Potential future exposure (PFE)	Report the amount of the PFE, calculated using the current exposure method, for the derivatives included in item 4.e(1).
4.f(1)	Funds borrowed from other financial institutions	Report the amount of funds borrowed from other financial institutions (ie financial institutions outside of the reporting group). Include funds borrowed from both depository and non-depository institutions. Do not include commercial paper.
4.f(2)	Certificates of deposit included in items 4.a and 4.b	Report the value of certificates of deposit included in items 4.a and 4.b.

Section 5, items 5.a to 5.h: Securities outstanding

The components below should reflect the value of outstanding securities issued by the reporting entity. Please do not distinguish between intra-financial and other activity. Do not report products where the reporting institution does not back the performance of the asset (eg asset-backed securities).

If the breakdown is unavailable for one or more of these values, please fill the cell(s) for the non-available value(s) with a “0” and provide the available total in one of the other rows of the panel. The comments section for the row with the available total should state which subcategories have been included.

Item	Label	Description
5.a	Secured debt securities	Report the value of all outstanding secured debt securities (e.g. covered bonds) issued by the relevant entity.
5.b	Senior unsecured debt securities	Report the book value of all outstanding senior unsecured debt securities issued by the relevant entity.
5.c	Subordinated debt securities	Report the book value of all outstanding subordinated debt securities issued by the relevant entity.
5.d	Commercial paper	Report the book value of all outstanding commercial paper issued by the reporting group.
5.e	Certificates of deposit	Report the book value of all outstanding certificates of deposit issued by the reporting group.
5.f	Common equity	Report the fair value of all outstanding common equity shares issued by the reporting group. Do not include certificates of mutual banks. Also, do not include outstanding shares for which a market price is unavailable, as these are captured separately in item 5.h.(1).
5.g	Preferred shares and any other forms of subordinated funding not captured in item 5.c.	Report the fair value of all outstanding preferred shares issued by the reporting group. Also include any other forms of subordinated funding not captured in item 5.c. Do not include outstanding shares for which a market price is unavailable, as these are captured separately in item 5.h.(1).
5.h(1)	Book value of equities for which market price is unavailable	Report the book value of equities, including ordinary and preferred (premium) shares for which a market price is unavailable. Do not include certificates of mutual banks.

Section 6, items 6.a to 6.m: Payments activity

Item	Label	Description
6.a to 6.m 6.m(1) to (3)	Payments made in the reporting year (excluding intragroup payments)	Report the total gross value of all cash payments sent by the reporting group via large value payment systems, along with the gross value of all cash payments sent through an agent bank (e.g. using a correspondent or nostro account), over the reporting year in each indicated currency. All payments sent via an agent bank should be reported, regardless of how the agent bank actually settles the transaction. Do not include intragroup transactions (ie transactions made within or between entities within the reporting group). Payments should be reported regardless of purpose, location, or settlement method. This includes – but is not limited to – cash payments associated with derivatives, securities financing transactions, and foreign exchange transactions. Do not include the value of any non-cash items settled in connection with these transactions. Include cash payments made on behalf of the reporting entity as well as those made on behalf of customers (including financial institutions and other commercial customers). Do not include payments made through retail payment systems. Only include outgoing payments (i.e. exclude payments received). Include the amount of payments made into CLS. Other than CLS

		payments, do not net any outgoing wholesale payment values, even if the transaction was settled on a net basis (i.e. all wholesale payments made into large value payment systems or through an agent must be reported on a gross basis). Retail payments sent through large value payment systems or through an agent may be reported on a net basis. If precise gross totals are unavailable, known overestimates may be reported. Please report values in their original currencies, using the reporting unit specified in 1.b(4).

Section 7, item 7.a: Assets under custody

Item	Label	Description
7.a	Value of assets held as a custodian on behalf of customers	Report the value of all assets, including cross-border assets that the reporting group has held as a custodian on behalf of customers, including other financial firms (i.e. financial institutions other than the reporting group). Include such assets even if they are being held by unaffiliated institutions (eg central securities depositories, payment systems, central banks and sub-custodians). Do not include any assets under management or assets under administration which are not also classified as assets under custody. For the purposes of this report, a custodian is defined as a bank or other organisation that manages or administers the custody or safekeeping of stock certificates, debt securities, or other assets for institutional and private investors.

Section 8, items 8a to 8b: Underwritten transactions in debt and equity markets

Include all underwriting over the reporting year where the bank was obligated to purchase unsold securities. When the underwriting is on a best-efforts basis (ie the bank is not obligated to purchase the remaining inventory), only include the securities that were actually sold.

Item	Label	Description
8.a	Equity underwriting activity	Report the total value of all types of equity instruments underwritten during the reporting year, excluding transactions with subsidiaries and/or affiliates and self-led transactions. This includes all types of equity market transactions such as initial public offerings, additional offerings of common stocks, units, depositary receipts (e.g. American depositary receipts (ADRs) and Global depositary receipts (GDRs)), and rights offerings. Also include equity-linked transactions such as convertible bonds, convertible preferred bonds, and exchangeable bonds. Include all types of transactions at all maturities. Do not differentiate transactions between front-end, back-end, and best-effort transactions. Do not differentiate with regard to maturity, currency, or market of issuance. Equity securities with embedded derivatives should be included, while stand-alone derivatives underwriting should be excluded. With regard to the delineation between securities with embedded derivatives and stand-alone derivatives, use the already existing definitions in IFRS or US GAAP. In case the reporting is based on a national accounting standard where the distinction does not exist, the IFRS definition should be used.
8.b	Debt underwriting activity	Report the total value of all types of debt instruments underwritten during the reporting year, excluding intra-group or self-led transactions. This includes all types of underwriting transactions relating to debt securities. The value should include both secured debt instruments (e.g. covered bonds, asset-backed security (ABS) transactions, etc.) and unsecured debt instruments. Include all types

		of transactions at all maturities. Do not differentiate transactions between front-end, back-end, and best-effort transactions. Do not differentiate with regard to maturity, currency, or market of issuance. Do not differentiate between sovereign and corporate debt. Debt securities with embedded derivatives should also be included. For more detail on embedded derivatives, refer to the instructions for item 8.a. Instruments that could be allocated to either item 8.a or 8.b (e.g. bonds with warrants attached) should not be double-counted. Reporting institutions may set the delineation at their own discretion.

Section 9, items 9.a to 9.b: Notional amount of OTC derivatives

This indicator is designed to measure the scope of the reporting group's engagement in OTC derivatives transactions and should include all types of risk categories and instruments. For a detailed overview of instrument types and risk categories, see table 19 of the Statistical Annex of the BIS Quarterly Review. Collateral should not be deducted when reporting the notional derivative values. Note that the sum of items 9.a and 9.b should equal the value reported in table 19 of the BIS Quarterly Review.

Item	Label	Description
9.a	OTC derivatives cleared through a central counterparty	Report the notional amount outstanding of OTC derivative positions which were cleared through a central counterparty. Include all types of risk categories and instruments (e.g. foreign exchange, interest rate, equity, commodities, and credit default swaps (CDS)).
9.b	OTC derivatives settled bilaterally	Report the notional amount outstanding of OTC derivative positions which were settled bilaterally (i.e. without the use of a central counterparty). Include all types of risk categories and instruments (e.g. foreign exchange, interest rate, equity, commodities, and CDS).

Section 10, items 10.a to 10.f: Trading and available-for-sale (AFS) securities

This indicator seeks to capture the value of securities (ie bonds and shares) that, if sold quickly during periods of severe market stress, are more likely to incur larger fire-sale discounts or haircuts to compensate for high market risk. It is measured as the total amount of securities in the held-for-trading (HFT) and available-for-sale (AFS)[4] accounting categories less the subset of securities held in those categories that meet the definition of Level 1 and Level 2 assets as defined in the Basel III Liquidity Coverage Ratio (LCR).[5]

All values reported should be at the reporting date and provided on a gross long basis (ie short positions should not be netted against long positions). Thus, for long and short positions in the same CUSIP, report the long position prior to any CUSIP netting.

Item	Label	Description

[4] For additional guidance on the Trading, AFS, DaFV, or HTM accounting categories, please refer to the appropriate IFRS definitions.

[5] See Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools at www.bis.org/publ/bcbs238.pdf

10.a	Held-for-trading securities (HFT)	Report the fair value of all securities classified as HFT, which includes any securities for which the fair value option is elected (designated at fair value (DaFV)). Securities that are intended to be held principally for the purpose of selling them in the near term should be classified as trading assets. Trading activity includes active and frequent buying and selling of securities for the purpose of generating profits on short-term fluctuations in price. Securities held for trading purposes must be reported at fair value. Do not include loans, derivatives, and non-tradable assets (e.g. receivables).
10.b	Available-for-sale securities (AFS)	Report the fair value of all securities classified as AFS. All securities not categorised as trading securities, or held-to-maturity (HTM) should be reported as AFS. Do not include loans, derivatives, and non-tradable assets (e.g. receivables).
10.c	Trading and AFS securities that qualify as Level 1 assets	Report the fair value of all trading and AFS securities that qualify as Level 1 assets according to paragraphs 50(c), 50(d) and 50(e) of the Basel III LCR. Include qualifying securities even if they do not fulfil the LCR operational requirements outlined in paragraphs 31-40..
10.e	Trading and AFS securities that qualify as Level 2 assets, with haircuts	Report the fair value, after applying haircuts, of all trading and AFS securities that qualify as Level 2 assets according to paragraphs 52 and 54 of the Basel III LCR. Include qualifying securities even if they do not fulfil the LCR operational requirements outlined in paragraphs 31-40.. Level 2A, Level 2B RMBS, and Level 2B non-RMBS assets should be reported with haircuts of 15%, 25%, and 50%, respectively.
10.e(1)	Held-to-maturity securities (HTM)	Report the book value of all securities classified as held-to-maturity (HTM). This item includes all debt securities that an institution has the positive intent and ability to hold to maturity.

Section 11, item 11a: Level 3 assets

Item	Label	Description
11.a	Assets valued using Level 3 measurement inputs	Report the value of all assets that are priced on a recurring basis using Level 3 measurement inputs. Internationally-recognised accounting standards commonly use a three-level fair value hierarchy that prioritises inputs used to measure fair value based on observability. Level 3 fair value measurement inputs, while not readily observable in the market, are used to develop an exit price for the asset (or liability) from the perspective of a market participant. Therefore, Level 3 fair value measurement inputs should reflect the reporting group's own assumptions about the assumptions that a market participant would use in pricing an asset (or liability) and should be based on the best information available under the given circumstances. The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, then this is considered a Level 3 measurement. If the accounting standard designated in item 1.b(5) does not have an equivalent definition of Level 3 assets, consult the competent authorityfor further guidance.

Section 12, item 12.a to 12.(b): Cross-jurisdictional claims

This indicator uses data that internationally active banks report to the central banks in their home jurisdiction for the compilation of the BIS consolidated international banking statistics (see Column S of Table 9C of the Statistical Annex of the BIS Quarterly Review). Banks report these figures quarterly for the consolidated position of their institution.

If the reporting group is unable to compile the necessary data, contact the competent authority for additional guidance.

Item	Label	Description
12.a	Total foreign claims on an ultimate risk basis	Report the value of all claims over all sectors that, on an ultimate-risk basis, are cross-border claims, local claims of foreign affiliates in foreign currency, or local claims of foreign affiliates in local currency.[6] Cross-border claims extend from an office in one country to a borrower in another country. Local claims of foreign affiliates in foreign and local currency extend from the local office of the bank to borrowers in that location. Claims include deposits and balances placed with other banks, loans and advances to banks and non-banks, and holdings of securities and participations. Do not include claims from positions in derivative contracts. Since these data refer to consolidated activities, they exclude all intra-office claims.
12.b(1)	Foreign derivative claims on an ultimate risk basis	Report the positive fair value of all derivative claims that, on an ultimate-risk basis, are cross-border claims, local claims of foreign affiliates in foreign currency, or local claims of foreign affiliates in local currency. Cross-border claims extend from an office in one country to a borrower in another country. Local claims of foreign affiliates in foreign and local currency extend from the local office of the bank to borrowers in that location. Derivatives include forwards, swaps and options related to foreign exchange, interest rate, equity, commodity and credit instruments. Purchased credit derivatives, such as credit default swaps and total return swaps, should only be reported if they are classified as held for trading. Sold credit derivatives are classified as guarantees and thus should not be reported. Note that all derivatives instruments with a positive fair value should be treated as claims. The reporting of "net positions" is allowed only if the applicable national accounting standard allows netting of multiple matching swaps (by currency and maturity) with the same counterparty that are covered under a legally enforceable netting agreement.

Section 13, items 13.a to 13.c: Cross-jurisdictional liabilities

This indicator combines data reported as part of the BIS locational banking statistics with figures that are reported for the BIS consolidated banking statistics. To match the treatment in the cross-jurisdictional assets indicator, the liabilities of all offices (ie headquarters, branches and subsidiaries in different jurisdictions) to entities outside the home market are included along with liabilities to non-residents within the home country. Do not include intra-office liabilities.

Since the BIS consolidated banking statistics dataset does not include a concept similar to foreign claims for liabilities, individual figures reported to different central banks for the locational BIS statistics need to be aggregated and then combined with information on intra-office liabilities.

[6] For a full description of the data, definitions and coverage, see Guidelines to the international consolidated banking statistics at www.bis.org/statistics/consbankstatsguide.pdf.

If the reporting group is unable to compile the necessary data themselves, contact the competent authority for additional guidance.

Item	Label	Description
13.a	Foreign liabilities (excluding local liabilities in local currency)	Report the sum of all foreign liabilities, excluding liabilities from positions in derivative contracts. Figures are reported by offices in each individual jurisdiction to the relevant central bank for the compilation of the BIS consolidated international banking statistics (see column 'Total positions, Liab.' in Table 8A of the Statistical Annex of the BIS Quarterly Review).
13.a(1)	Any foreign liabilities to related offices included in item 13.a	Report the value of any liabilities included in item 13.a that are to the reporting group's own foreign offices. Figures are reported by offices in each individual jurisdiction to the relevant central bank for the compilation of the BIS consolidated international banking statistics (see column 'Total positions, of which: vis-à-vis related offices, Liab.' in Table 8A of the Statistical Annex of the BIS Quarterly Review). Note that this figure should be a subset of item 13.a.
13.b	Local liabilities in local currency	Report the value of all foreign-office liabilities in local currency, excluding liabilities from positions in derivative contracts. This figure is reported by internationally active banks to the central bank in their home jurisdiction for the compilation of the BIS consolidated international banking statistics (see Column M of Table 9A of the Statistical Annex of the BIS Quarterly Review).
13.c(1)	Foreign derivative liabilities on an ultimate risk basis	Report the negative fair value of all derivative liabilities that, on an ultimate-risk basis, are cross-border liabilities, local liabilities of foreign affiliates in foreign currency, or local liabilities of foreign affiliates in local currency. Derivatives include forwards, swaps and options related to foreign exchange, interest rate, equity, commodity and credit instruments. Purchased credit derivatives, such as credit default swaps and total return swaps, should only be reported if they are classified as held for trading. Sold credit derivatives are classified as guarantees and thus should not be reported. Note that all derivative instruments with a negative fair value should be treated as liabilities. The reporting of "net positions" is allowed only if the applicable national accounting standard allows netting of multiple matching swaps (by currency and maturity) with the same counterparty that are covered under a legally enforceable netting agreement.

Section 14, items 14.a to 14.b, 14.d to 14.j: Ancillary indicators

Item	Label	Description
14.a	Total liabilities	Report total liabilities, excluding own funds and capital as well as various incurred costs that are still due (e.g. income tax payable, wages payable, etc.).
14.b	Retail funding	Report total deposits less the sum of (i) deposits from depository institutions; (ii) deposits from central banks; and (iii) deposits and certificates of deposit not held by retail customers or small businesses. Small business customers are those customers with less than €1 million in consolidated deposits that are managed as retail customers and are generally considered as having similar liquidity risk characteristics to retail accounts. For more information, see the Basel II framework – International Convergence of Capital Measurement and Capital Standards, paragraph 231, June 2006.[7]

[7] The document is available at www.bis.org/publ/bcbs128.htm.

14.d	Foreign net revenue	Report the net revenue from all foreign offices. For purposes of this item, a foreign office of a reporting group is a branch or consolidated subsidiary located outside the organisation's home country (i.e. the country where the reporting group is headquartered). Branches or consolidated subsidiaries located in territories or possessions of the home country are considered foreign offices. Net revenue is defined as interest income plus noninterest income minus interest expense.
14.e	Total net revenue	Report total net revenue, which is defined as interest income plus noninterest income minus interest expense.
14.f	Total gross revenue	Report the total gross revenue, which is defined as interest income plus noninterest income.
14.g	Gross value of cash lent and gross fair value of securities lent in securities financing transactions (SFTs)	Report the gross value of all cash lent and the gross fair value of all securities lent in SFTs. The reported value should not include any counterparty netting and should only represent transactions completed by the reporting group on its own behalf. The value should capture the gross value of the outgoing legs of all SFTs, including any variation margin provided. Do not include any conduit lending transactions.
14.h	Gross value of cash borrowed and gross fair value of securities borrowed in SFTs	Report the gross value of all cash borrowed and the gross fair value of all securities borrowed in SFTs. The reported value should not include any counterparty netting and should only represent transactions completed by the reporting group on its own behalf. The value should capture the gross value of the incoming legs of all SFTs, including any variation margin held. Do not include any conduit lending transactions.
14.i	Gross positive fair value of over-the-counter (OTC) derivatives transactions	Report the gross positive fair value of all OTC derivative transactions. The reported value should not include any counterparty netting.
14.j	Gross negative fair value of OTC derivatives transactions	Report the gross negative fair value of all OTC derivative transactions. The reported value should not include any counterparty netting.
14.k	Number of jurisdictions	Report the number of countries, including the home jurisdiction, where the reporting group has either a branch or a subsidiary. The jurisdiction should be determined using the physical address of the branch or subsidiary.

4. Accompanying documents

4.1 Cost-benefit analysis/impact assessment

The problem

During the recent financial crisis, a number of large internationally active credit and financial institutions transmitted shocks to their counterparts and the financial markets, eventually affecting the economy. To deal with this, the G20, the Financial Stability Board and the Basel Committee on Banking Supervision (BCBS), and consequently the EU co-legislators, have started to develop an appropriate framework to identify global and other systemically relevant institutions and require them to set aside additional capital buffers to increase their resilience to financial crises and prevent them from transmitting shocks to the rest of the economy.

This impact assessment attempts to evaluate the impact of the draft RTS on identification methodology, the draft ITS on disclosure and these Guidelines on the various stakeholders.

Regulatory objectives

The regulatory objective that has to be safeguarded is the financial stability of the European banking system. The operational objective to achieve financial stability comprises the increase of capital buffers for G SIIs. The additional buffer will also partially mitigate or entirely eliminate the kick-off effects of the failure of a G-SII on the rest of the banking system and the economy. Going one step backwards, the set of G-SIIs should be defined along with their relative significance. The draft RTS further specify the methodology set out in general terms in the Directive.

Baseline for the analysis

The Macroeconomic Assessment Group's (MAG) paper on 'Assessment of the macroeconomic impact of higher loss absorbency for globally systemically important banks' (Bank for International Settlements, October 2011, www.bis.org/publ/bcbs202.htm) presents a methodology to define systemically important banks (SIBs) and assess their importance for the global banking system and the economy. The paper presents a concise methodology to define the G-SIBs and assess their significance for the resilience of the international banking system. The methodology is then applied to the 75 largest global banks which proxy the global banking sector. The methodology for identifying G-SIIs pursuant to the Directive and the RTS is very close to this methodology. Consequently, the impact assessment of the RTS on specifying the methodology for identifying G-SIIs and assigning them to sub-categories depends on the results produced by the BIS report.

The options considered

Regarding Article 131(18)

The options considered for setting up the methodology to define the EU G-SIIs within the framework of the identification process specified in Article 131(2) were the following:

i) establishing and validating a methodology from scratch to define the EU G-SIIs using completely different indicators, data and parameters for the identification and scoring process; and,

ii) taking into account the already established internationally accepted methodology for identifying G-SIIs, as suggested by the BIS paper, by using an in substance identical set of indicators, data and parameters, where applicable.

The first option would involve a higher administrative burden on the institutions and require higher resources for authorities, as well as a more significant need for coordination among EU Member States to achieve a harmonised scoring process with comparable outcomes, which would be time-consuming. The process would probably lead to very similar results to the FSB/BCBS process as far as Member States are concerned, which already take part in that exercise. The second option would be implemented more easily. The BCBS methodology to define G-SIIs is well-structured and accepted by the supervisors in whose jurisdictions the largest international banks are established. From the European perspective, the sample used by the BCBS paper includes the EU G-SIIs in the five largest economies of the EU (DE, FR, UK, IT, ES), rendering the representation of the EU banks in the sample sufficient.

In consideration of the above, the preferred option would be the second, in line with the requirements of the Directive.

Regarding Article 441(2)

The decision on specifying the uniform formats and a date for the initial publication of the list of EU G-SIIs will follow the format of other similar supervisory data. The date will be aligned with dates for publication under the BCBS identification process, which are already established in several Member States.

Regarding the frequency of (potentially) updating the list of EU G-SIIs to get aboard the economic developments in the EU banking sector, the following frequencies of updating the list were considered:

i) Semi-annual

ii) Annual

It is proposed that the list is updated on an annual basis. The reasoning behind this proposal is to allow potential financial decisions (e.g. mergers and acquisitions among banks) or economic developments (natural deleveraging due to the shrinkage of an economy) to be concluded or established.

Cost-benefit analysis of the preferred option

The cost-benefit analysis that follows focuses on the costs and benefits that arise from the implementation of the preferred option for the RTS, ITS and Guidelines. The costs and benefits already assessed in the Directive, which has taken into account the impact assessment of the BCBS paper on the global GDP, are not considered.

Costs

The additional costs from implementing the RTS, ITS and Guidelines are administrative and comprise the cost of producing the list of G-SIIs. Although, due to the lack of data, this cannot be expressed in monetary terms, the anticipated time required to create an initial list of G-SIIs is estimated to be 30 man days, i.e. one employee dealing with it for 30 full days. However, this will drop to 20 man days for every update of the list thereafter, due to the experience acquired from the first application of the methodology.

Benefits

The benefits can be assessed in terms of savings derived from not having to invest time and resources in the development of a new methodology, other than that proposed by the BCBS, for Member States where the process has already been established. By following the proposal of the BCBS paper, the NSAs and the EBA will not have to assign resources to establish and validate a new methodology.

4.2 Feedback on the public consultation and on the opinion of the BSG

The EBA publicly consulted on the draft proposal of the draft RTS, ITS and Guidelines relating to the identification methodology of G-SIIs together.

The consultation period started on 12 December 2014 and ended on 28 February 2014. Nine responses were received, of which eight were published on the EBA website.

This paper presents a summary of the key points and other comments arising from the consultation, the analysis and discussion triggered by these comments and the actions taken to address them, if necessary.

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

Changes to the draft RTS, ITS and Guidelines have been incorporated as a result of the responses received during the public consultation.

Summary of key issues and the EBA's response

Most respondents welcomed the concept of using the same data as the methodology applied by the Basel Committee for Banking Supervision for identifying systemically relevant institutions. Nevertheless, some of the proposed indicators were criticised by some respondents. Among other things, they suggested using qualitative indicators such as recovery and resolution plans, business and funding models, risk management and stress testing frameworks. Some respondents also questioned the cross-country indicator, under which intra-EU liabilities were accounted for as cross-border activities, which increased systemic importance.

EBA response:

Article 131(3) and (10) of Directive 2013/36/EU exhaustively govern the role of supervisory judgment and qualitative indicators in the methodology for identification. Only qualitative elements that refer to the impact of the institution's failure should influence the allocation of an institution to a subcategory. Therefore resolvability and resolution plans may be a suitable element, whereas there may be concerns against including risk management and stress testing. As Article 131(3) of Directive 2013/36/EU defines the indicator category as 'cross-border activity of the group, including cross border activity between Member States and between a Member State and a third country', there is no room to deviate from this in the draft RTS.

Respondents expressed a preference to postpone the disclosure of the required data, to avoid a conflict of the disclosure under the BCBS process which follows the same schedule.

EBA response:

To reduce the administrative burden for institutions as much as possible, the identification of G-SIIs in the EU, reporting and disclosure are synchronised with the BCBS process, and institutions are supposed to report the same data as reported to the BCBS to Member State authorities. Therefore there is no risk for a misinterpretation among market participants as they are used to the BCBS process which only will be expanded to a larger group of institutions.

Some respondents advocated a disclosure of the values of the 12 indicators only, rather than of the underlying data.

EBA response:

Meaningful disclosure requirements are necessary to ensure greater convergence of supervisory practices and the accurate assessment of risks, resulting in fair competition between comparable groups of institutions across the EU. In this vein, large institutions should be subject not only to additional capital requirements, if they are G-SIIs, but in general to greater public scrutiny than average institutions. In addition, the identification process should be as transparent as possible.

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

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
General comments			
Acronym G-SII	Respondents pointed out that the acronym G-SII is used to denote global systemically important insurance undertakings.	The acronym is used in Directive 2013/36/EU. There is no room to deviate from this in the draft RTS.	No amendment.
Intra-EU/Eurozone banking activity under the cross-border activity indicator	Many respondents were critical of the fact that intra-EU or intra-Eurozone banking activities are accounted for under the cross-border activity indicator, thereby increasing the measured systemic relevance. One respondent suggested that exposures and liabilities to local persons/entities in a local currency of a group's subsidiaries in countries other than the home country of the group should be defined as not cross-jurisdictional.	Article 131(3) of Directive 2013/36/EU defines the indicator category as 'cross-border activity of the group, including cross border activity between Member States and between a Member State and a third country'. Although there may be arguments that the impact on systemic relevance is lower within the EU, the Directive is clear on this point. There is no room to deviate from this in the draft RTS. The indicator of cross-border activity measures the global systemic impact of a failure and its resolvability. The systemic impact is expected to be higher, and the group less resolvable, if a group is active in jurisdictions other than the EU home country of the group.	No amendment.
Qualitative indicators	Respondents expressed the view that, while the quantitative indicators adequately reflect the systemic risk of institutions, qualitative elements should be part of the G-SII assessment. These elements could include institutions' recovery and resolution plans, business and funding models, risk	Pursuant to Article 131(3) of Directive 2013/36/EU, the identification methodology shall be based on categories consisting of quantifiable indicators. Paragraph (10) of the same Article provides that authorities may re-allocate institutions to a higher subcategory based on sound supervisory	No amendment.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	management and stress testing frameworks. One respondent also criticised that activities are measured as a group-wide aggregate, while the distribution and dispersal might be useful in terms of risk diversification.	judgment, in which qualitative elements can be assessed. However, the methodology leaves no room for allocation to a lower subcategory based on supervisory judgement and qualitative indicators. Qualitative elements informing the sound supervisory judgment pursuant to paragraph (10) should refer to the impact of the institution's failure. Therefore resolvability and resolution plans may be a suitable element, whereas there are concerns against including risk management and stress testing, which regularly do not imply a lower impact of the institution's failure. The organisational or financial structure could only be suitable to the extent it facilitates resolvability. For the time being, neither the resolution plans nor resolvability considerations are sufficiently advanced to justify taking them into account in favour of an institution.	
Definition of 'relevant entities'.	One respondent expressed the view that it is not entirely clear if the definition includes a group's uppermost European consolidated entity or not.	The definition in the draft RTS refers to the cases listed in Article 131(1), and the definitions in Article 3(25) and (29) of Directive 2013/36/EU apply. This makes it clear that relevant entities may not be a subsidiary of an institution or of another financial holding company or mixed financial holding company set up in any Member State.	No amendment to the RTS, clarification to the definition in Title I of the Guidelines.
Disclosure of indicators or underlying values	Many respondents opposed to a disclosure not only of the 12 indicators defined in the	Meaningful disclosure requirements are necessary to ensure greater convergence of	No amendment.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	draft RTS, but also of the underlying values. Respondents referred to potential misinterpretations due to differences in accounting and regulatory regimes.	supervisory practices and the accurate assessment of risks across the EU, resulting in fair competition between comparable groups of institutions. They improve data quality and strengthen market discipline. With this in mind, G-SIIs should be subject not only to additional capital requirements, but also to greater public scrutiny than average institutions. In addition, the identification process should be as transparent as possible. Misinterpretation of the data can be avoided by using uniform definitions of the indicators and a high degree of international convergence.	
Disclosure date	Respondents suggested postponing the date when the indicators should be publicly disclosed to November to avoid confusion with other required disclosure dates.	In line with the Basel Committee on Banking Supervision (BCBS) standard and to give competent authorities sufficient time to calculate bank's scores based on public data and allow for the subsequent incorporation of supervisory judgment, institutions should not make the required disclosure later than four months after their financial year end, and, in any event, no later than the end of July. The fact that disclosure in the G-SII identification process is required at the same time as the BCBS will not cause confusion, as the data are identical.	No amendment.
Responses to questions in Consultation Paper EBA/CP/2013/44			
Question 1. Is it adequate to use the	Nearly all respondents supported and welcomed the proposal to use the same data		

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
same data as used in the BCBS identification process for the scoring?	as under the methodology used by the Basel Committee on Banking Supervision. However, one respondent raised concerns not about the proposal to use identical data in general, but about certain indicators.	Concerns about certain indicators are discussed under Question 2 below.	
Question 2. Are the indicators set out in Article 6 adequate for reflecting the systemic relevance of a systemically important institution?	A few respondents raised concerns against the payment activity indicator as part of the substitutability / financial infrastructure category. They expressed the view that it was unreliable, as only payments via large payment systems are captured, payments for other parties were included, it was already captured by the size, interconnectedness and complexity indicator, and the relevant data were usually not required for risk or financing reporting and therefore no stored and monitored centrally. One respondent asked for a clarification relating to unsettled payments.	The draft RTS aim to use the same data and indicators as the BCBS methodology. This approach reduces the administrative burden and enhances data quality as well as transparency, and therefore has been welcomed by nearly all respondents. In this vein, deviations from the indicators used by the BCBS would need a well-founded justification. However, on the other hand, the payment activity indicator is appropriate for measuring systemic relevance. Payment activity is an evidently critical function of banking groups. The substitution of this function by another market participant does not seem practical in many cases. Overlaps with other indicators cannot be avoided, with a view to the objective to capture all sources of systemic relevance. Unsettled transactions in general can be reported under data point 2d Other assets. Details may be discussed with the competent authority.	No amendment.
	One respondent criticised that most of the indicators reflected size.	Size is an important criterion for determining systemic relevance. In addition, it is foreseeable	No amendment.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
		that quantifiable criteria normally correlate with size.	
	Respondents raised concerns about the consolidation scope, which should be more precise.	In general, the draft RTS leave some room to define the consolidation scope to cater for specificities of regulatory consolidation, applicable accounting principles and for different indicators. For the various indicators, details with regard to the applicable consolidation scope are indicated in the reporting instructions.	No amendment.
Question 3. Are the timelines for the identification process and the coming into force of the buffer requirement adequate, and do they allow for sufficient time for adjusting to it?	The majority of the respondents expressed their satisfaction with the timelines of the identification process. One respondent proposed a shorter assessment cycle that should be more responsive to changes in banks' systemic profile, including a recalibration, when a G-SII undertakes a material divestment or M&A.	The timeline for the assessment and for the coming into force of the buffer requirement aims to give authorities the required time to make the necessary calculations, and institutions sufficient time to adjust to higher own funds requirements. In addition, the assessment cycle should be in line with international standards and with the implementation of higher own funds requirements resulting from this assessment on an international level. However, the timelines should be re-assessed in a future review of the draft RTS.	No amendment.
Question 4. Are the template and the instructions clear and sufficiently comprehensive for enabling institutions to complete the disclosure	Respondents referred to the updated 2013 data template and instructions issued by the BCBS to include changes to indicator and ancillary data requirements. One respondent pointed out that it is important that applicable rules align to the	The draft RTS, ITS and Guidelines will reflect the most up-to-date rules at the time it is finalised, ensuring alignment with the BCBS methodology at that time. Any later updates will have to be implemented by an amendment of one or more of these products.	Data template and instructions have been updated in line with updates to the BCBS

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process?	revised rules for calculating the Basel 3 leverage ratio. [Another respondent asked the definition of a mapping between the requested template and the official reporting modules.] [One respondent asked for further clarification as to the classification of economic agents.]	[Certain terms should be more clearly defined.]	methodology. Certain definitions such as the terms financial institutions and small businesses have been added.
Question 5. Do you agree with our analysis of the impact of the proposals in this CP? If not, can you provide any evidence or data that would explain why you disagree or might further inform our analysis of the likely impacts of the proposals?	Most respondents expressed their satisfaction with the analysis of the impact of the proposals. One respondent pointed to the need for qualitative elements in the methodology.	Qualitative elements in the assessment are discussed under the section General remarks above.	
	One respondent expressed concerns that the identification of G-SIIs could lead to market distortions (e.g. in the behaviour of depositors or in interbank funding).	Although there may indeed be arguments that the identification of a G-SII may lead to market reactions in individual cases, this is a consequence of the identification as such and not from the regulatory approach in these Guidelines.	No amendment.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	One respondent suggested an exemption whereby when G-SII reporting disclosure takes place at group-consolidated level, an operating entity would be exempted from the G-SII reporting and disclosure requirements, notwithstanding it may exceed the EUR 200 billion exposure threshold.	The consolidation scope of Article 131(1) of Directive 2013/36/EU, draft RTS, ITS and Guidelines should be more clearly aligned.	Clarification on the definition of the term ‘relevant entity’ in Title I of the Guidelines.

5. Confirmation of compliance with guidelines and recommendations

Date:	
Member/EEA State:	
Competent authority	
Guidelines/recommendations:	
Name:	
Position:	
Telephone number:	
E-mail address:	

I am authorised to confirm compliance with the guidelines/recommendations on behalf of my competent authority: ☐ Yes

The competent authority complies or intends to comply with the guidelines and recommendations: ☐ Yes ☐ No ☐ Partial compliance

My competent authority does not, and does not intend to, comply with the guidelines and recommendations for the following reasons[8]:

Details of the partial compliance and reasoning:

Please send this notification to compliance@eba.europa.eu[9]

[8] In cases of partial compliance, please include the extent of compliance and of non-compliance and provide the reasons for non-compliance for the respective subject matter areas.

[9] Please note that other methods of communication of this confirmation of compliance, such as communication to a different e-mail address from the above, or by e-mail that does not contain the required form, shall not be accepted as valid.