

EBA/CP/2016/22

16 November 2016

Consultation Paper

Draft Implementing technical standards amending Implementing
Regulation (EU) No 680/2014 with regard to additional monitoring
metrics for liquidity reporting

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1. Responding to this consultation

The EBA invites comments on all proposals put forward in this paper and in particular on the specific questions summarised in 5.2.

Comments are most helpful if they:

- respond to the question stated;
- indicate the specific point to which a comment relates;
- contain a clear rationale;
- provide evidence to support the views expressed/ rationale proposed; and
- describe any alternative regulatory choices the EBA should consider.

Submission of responses

To submit your comments, click on the 'send your comments' button on the consultation page by 02.01.2017. Please note that comments submitted after this deadline, or submitted via other means may not be processed.

Publication of responses

Please clearly indicate in the consultation form if you wish your comments to be disclosed or to be treated as confidential. A confidential response may be requested from us in accordance with the EBA's rules on public access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the EBA's Board of Appeal and the European Ombudsman.

Data protection

The protection of individuals with regard to the processing of personal data by the EBA is based on Regulation (EC) N° 45/2001 of the European Parliament and of the Council of 18 December 2000 as implemented by the EBA in its implementing rules adopted by its Management Board. Further information on data protection can be found under the Legal notice section of the EBA website.

2. Executive Summary

The Commission, by way of implementing regulation (EU) 2016/313 of 1 March 2016, has adopted the Implementing Technical Standards (ITS) on additional monitoring metrics for liquidity (AMM) without the maturity ladder, and has sought the EBA to update the maturity ladder based on a reporting fully aligned with Delegated Regulation (EU) 2015/61 (LCR Delegated Act or LCR DA) and submit to the Commission for adoption.

The proposed consultation paper (CP) and its attachments represents the result of the EBA update work, which primarily consists of a reintroduction of a maturity ladder, aligned with the LCR DA where necessary and proportionate. Compared to the December 2013 EBA publication, the maturity ladder in this CP requires less detail on assets other than high quality liquid assets and on credit quality steps. Improvements have been made by the introduction of a section which captures the outflows from committed facilities as well as outflows due to downgrade triggers, which are items that align with the contingencies in the LCR. Further a memorandum section includes details on five LCR components, which helps with the estimation of upcoming volatility of the LCR, while the composition of the time buckets has been amended and the granularity of the different rows to be reported reduced.

For the non-maturity ladder templates and instructions the revisions reflect the guidance provided in several relevant reporting Q&As published in December 2015, and take into account issues raised in other draft Q&As received afterwards. Finally, the revised templates and instructions ensure consistency between the different parts of the ITS, particularly to take into account the updates in the maturity ladder. No substantial change has been made to the non-maturity ladder templates and instructions compared to the existing ITS.

Next steps

This CP is issued for a 6 week consultation period as the envisaged date for finalisation of the draft ITS (and submission to the European Commission) is March/April 2017, with the application of the revised reporting requirements in March 2018 (reporting reference date 31/03/2018). Hence, the expected implementation period for the proposed changes is approximately 1 year.

3. Background and rationale

On 18 December 2013 the EBA published and submitted to the European Commission (EC) the implementing technical standards (ITS) on additional liquidity monitoring metrics under Article 415(3)(b) of Regulation (EU) No 575/2013 (the CRR). A slightly updated submission took place on 24 July 2014. The metrics relating to the additional monitoring tools are designed to complement the supervision of an institution's liquidity risk beyond the scenario for which the liquidity coverage ratio (LCR) is defined.

On 13 August 2015 the EC informed the EBA that it, acting in accordance with the procedure set out in the fifth subparagraph of Article 15(1) of Regulation (EU) No 1093/2010, intended to amend the draft implementing technical standards submitted by the EBA. Particularly, the EC informed EBA of its intention to remove the maturity ladder templates and instructions. This is based on the fact that the maturity ladder in the December 2013 version of the ITS was based on the provisional approach of reporting requirements set out in Article 416 of the CRR concerning liquid assets and needed to be adapted to the detailed definitions of liquid assets set by Commission Delegated Regulation (EU) 2015/61 (Delegated Act on the LCR) which became applicable on 1 October 2015. In the view of the EC, this avoids unnecessary regulatory burden and the duplication of implementation costs for the industry.

Also the EC communicated its intention to provide some other minor redrafts and to amend the proposed date of application from 1 July 2015 to 1 January 2016 and to invite the EBA to update the maturity ladder in line with the detailed information of liquid assets set by Commission Delegated Regulation (EU) 2015/61.

As explained in detail in EBA/Op/2015/16, an Opinion published on 23 September 2015, the EBA has dissented to the EU Commission's proposed amendment to remove the maturity ladder.

Nonetheless the Commission, by way of implementing regulation (EU) 2016/313 of 1 March 2016, has adopted the ITS on AMM without the maturity ladder, and has sought the EBA to update the maturity ladder based on a reporting fully aligned with Delegated Regulation (EU) 2015/61 and submit to the Commission for adoption.

The harmonised maturity ladder in the draft standard published by the EBA for consultation is meant to provide the harmonised reporting to replace this additional reporting.

Background and regulatory approach followed in the draft ITS

In January 2013, the BCBS published its revised text on the liquidity coverage ratio (LCR) and liquidity risk monitoring tools. These monitoring tools, together with the LCR standard, provide the cornerstone of information that aids supervisors in assessing the liquidity risk of an institution, because they can help competent authorities identify potential liquidity difficulties signalled through a negative trend in the metrics or through an absolute result of the metrics.

The CRR provisions relating to liquidity reporting translate these BCBS proposals into EU law. Thus, in addition to the LCR, institutions will have to report to their competent authorities information

relating to additional metrics. In this context, the CRR also provides, in Article 415(3)(b), that the EBA shall develop draft ITS to specify the additional liquidity monitoring metrics required to allow competent authorities to obtain a comprehensive view of an institution's liquidity risk profile, proportionate to the nature, scale and complexity of its activities.

This draft ITS contains the EBA's proposal for changes to the adopted version of the supervisory reporting of additional monitoring metrics for liquidity.

The EBA's proposed revisions to the regulation include the following:

- introduction of a maturity ladder (template and instructions) aligned with the LCR DA. In the adopted version of the ITS there is no maturity ladder;
- selective revisions to the additional monitoring tools (templates and instructions) relating to:
 - concentration of funding by counterparty
 - concentration of funding by product type
 - concentration of counterbalancing capacity by issuer/counterparty[
 - prices for various lengths of funding
 - rollover of funding.

The metric relating to the maturity ladder is similar to that published by the EBA on 18 December 2013 submitted to the European Commission (EC) in the following ways:

- The template developed in the ITS is designed to show the maturity mismatch of an institution's balance-sheet, and, as such, is referred to as the 'maturity ladder'. These maturity mismatches indicate how much liquidity a bank would potentially need to raise in each of various time bands if all outflows occurred at the earliest possible date. This metric provides an insight into the extent to which the bank relies on maturity transformation under its current contracts. The maturity ladder forms part of the package of 'monitoring tools' which the EBA has designed.
- The maturity ladder is a monitoring tool which comprises a template for contractual flows. These flows result from legally binding agreements and should be reported in accordance with the provisions of these agreements.
- The maturity of the outflows and inflows to be reported range from overnight up to greater than 10 years.

Key changes to the December 2013 EBA version of the maturity ladder are:

- The data items on counterbalancing capacity (section 3 of the maturity ladder template), which, in terms of rows, are aligned with the definition of liquid assets in the delegated act. The choice of data items in section 3 are then mirrored in sections 1 and 2 of the template regarding collateral used for secured transactions being relevant for outflows and inflows.
- The approach chosen is to at least include into the template the main HQLA items from the LCR, while at the same time include some items that are central bank eligible or tradable but

do not qualify as HQLA. This latter category of non-HQLA is provided in 3.6 and includes: central government (CQS1), central government (CQS 2 & 3), shares, covered bonds, ABS, other. The reason for having such a breakdown is that the maturity ladder is also intended for longer horizons than 30 days, which means a longer horizon in which to mobilise counterbalancing capacity.

- However to keep excessive granularity at bay this granularity is not in the SFT sections of section 1.2 (Liabilities from secured lending and capital market driven transactions collateralised by) and 2.1 (Monies due from secured lending and capital market driven transactions collateralised by) and simply captured in a single “other tradeable assets” row (1.2.4 and 2.1.4). Additionally, there is a single row in section 3 to capture non tradable assets eligible for central banks
- An addition, compared to the 18 December 2013 draft version of the maturity ladder, is section 4 on contingencies, which captures the outflows from committed facilities as well as outflows due to downgrade triggers (in case of a severe downgrade), which are items that align with the contingencies in the LCR.
- Details on five LCR components, which enable the estimation of an LCR low point throughout the 30 day period. These summary memo items enable the projection of the evolution of the LCR ratio over different horizons. For example, the LCR assigns different outflow rates to repo transactions depending on the counterparty (0% if with central bank vs. 50% if with market counterparty using Level 2B collateral or 100% if using non-HQLA collateral). For reverse repos the LCR assigns different inflow rates depending on the purpose of the transaction (0% if covering a short position or 50% if purpose is margin lending). Similar issues arise with collateral swaps. These five LCR components are new compared to the old maturity ladder.
- Three rows on outflows / inflows where the counterparty is a parent or a subsidiary of the institution or another subsidiary of the same parent or linked to the credit institution by a relationship within the meaning of Article 12(1) of directive 83/349/EEC or a member of the same institutional protection scheme referred to in Article 113(7) of Regulation (EU) No 575/2013 or the central institution of an affiliate of a network or cooperative group as referred to in Article 10 of regulation (EU No 575/2013).
- Two rows providing information on the central bank eligibility of counterbalancing capacity.
- Two rows providing information on the re-use of collateral received, both in terms of the maturity of the receiving leg as well as re-using leg.
- Three memorandum items that capture going concern outflows and inflows from a behavioural perspective.
- While keeping the total amount of time buckets the same, the 3m to 6m bucket has been split up into a 3m bucket, 4m bucket, 5 m bucket and 6m bucket at the expense of the granularity at the end of the horizon which may be reduced and finish with “greater than 2

years up to 5 years” time bucket as the penultimate one and “over 5 years” time bucket as the last. This change allows for assessing horizons of 4m, 5m and 6m.

For the readability of the template the EBA has decided to move many ‘of which items’ in the December 2013 publication to a memorandum section at the end of the template.

Also other clarifications have been made:

- The definition of maturity of contracts with optionality (e.g. prepayment) has been expanded.
- The row for central bank reserves has been greyed out beyond overnight. Conceptually it would belong to the inflow section, but decided to keep it in section 3 on counterbalancing capacity as that is also the approach in the LCR.
- The definition of unencumbered has been aligned with the DA.
- The deposits breakdown has been amended to follow the LCR logic.
- The LCR approach has been taken for the treatment of assets prepositioned with the central bank, to clarify when the assets themselves shall be reported or rather the capacity of the facility.

There are fewer rows than the original maturity ladder with 129 rows, while the December 2013 version had 143.

For the purposes of the consultation paper, an excel sheet with examples has been provided on C66.00.

Next to C66.00, also minor revisions have been made to C67.00 to C71.00 in response to the Q&As received on these templates.¹ These revisions include the aspects mentioned below.

Template C67.00 on concentration of funding by counterparty, which allows the identification of those sources of wholesale and retail funding of major significance, is proposed to be amended as follows:

- Concept of initial maturity replaced by original maturity as it is preferable to not have multiple definitions for maturity.

Template C68.00 on funding by product type, which seeks to collect information about the institution’s significant concentrations of funding by product type, is proposed to be amended as follows:

- Concept of initial maturity replaced by original maturity as it is preferable to not have multiple definitions for maturity.
- The lines on total retail and total wholesale funding ungrayed to capture items that cannot be allocated to the subitems.

¹ The following Q&A have been published on the ITS on AMM: 1084, 1632, 1633, 1649, 1650, 1699, 1700, 1712, 1731, 1735, 1802, 1829, 1901, 1950, 1952, 2049, 2051, 2061, 2204, 2208, 2310, 2365, 2445.

- Removal of some subitems considered less material.

Template C69.00 on prices for various lengths of funding, which seeks to collect information about the average transaction volume and prices paid by institutions for funding with different maturities ranging from overnight to 10 years, is proposed to be amended as follows:

- Clarification that for off-balance sheet commitments both volume and spread should be determined on the day on which the highest amount of the period is drawn.
- Clarification that for funding that has rolled-over during the reporting period the highest spread that has applied to this funding during the reporting period shall be reported. For the purposes of C69.00, funding that rolled-over and still is there at the end of the reporting period shall be considered to count to the volume of new funding.
- As a derogation to the rest of C69.00, the volume and spread of sight deposits shall only be reported where the depositor did not have a sight deposit in the previous reporting period, and that the volume and spread should relate to that at the end of period.

Template C70.00 on the rollover of funding, which seeks to collect information about the volume of funds maturing and new funding obtained, i.e. 'rollover of funding', on a daily basis over a monthly time horizon, is proposed to be amended as follows:

- C70.00 the clarification that original maturity is the basis instead of residual maturity.
- Removal of column 330 as this column is considered to be of limited use and would need a different concept of maturity (i.e. residual maturity) than it the rest of the template.

For the purposes of the consultation paper, an excel sheet with examples has been provided on C70.00.

Template C71.00 on concentration of counterbalancing capacity by issuer/counterparty, which seeks to collect information about the reporting institutions' concentration of counterbalancing capacity by the 10 largest holdings of assets or liquidity lines granted to each institution for this purpose, is proposed to be amended as follows:

- it has been clarified that counterbalancing capacity in C71.00 is the same as in C66.00 with the qualification that the assets reported as counterbalancing capacity for the purposes of C71.00 must be unencumbered to be available for the institution to convert into cash on the reporting reference date.
- Clarification that when an issuer/counterparty belongs to several groups of connected clients, it shall be reported only once in the group with the higher counterbalancing capacity concentration.
- For column 060, a clarification that in case a multicurrency line is part of a concentration in counterbalancing capacity, the line shall be counted in the currency that is the predominant in the rest of the concentration if possible.
- A step for non-rated counterparties is added.

- Concentrations of counterbalancing capacity on central banks are excluded from this template as these tend to be visible in the new maturity ladder template (C66.00) already.

The present ITS have been developed to provide competent authorities with harmonised information on institutions' liquidity risk profile, taking into account the nature, scale and complexity of institutions' activities.

4. Draft implementing technical standards

In between the text of the draft ITS that follows, further explanations on specific aspects of the proposed text are occasionally provided, which either offer examples or provide the rationale behind a provision, or set out specific questions for the consultation process. Where this is the case, this explanatory text appears in a framed text box.

**technical standards with regard to additional monitoring metrics for liquidity
reporting according to Regulation (EU) No 575/2013 of the European Parliament and
of the Council
of **XXX****

THE EUROPEAN COMMISSION,

Having regard to Regulation (EU) No 575/2013 of 26 June 2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012² and in particular the third subparagraph of Article 415(3) thereof;

Whereas:

- (1) Commission Implementing Regulation (EU) No 680/2014³ specifies the modalities according to which institutions are required to report information relevant to their compliance with Regulation (EU) No 575/2013. Given that the regulatory framework established by Regulation (EU) No 575/2013 is gradually being supplemented and amended in its non-essential elements by the adoption of regulatory technical standards, and in this case by Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 amending Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to the liquidity coverage requirement⁴, then Implementing Regulation (EU) No 680/2014 should be updated accordingly to reflect those substantive rules and to provide further precision in the instructions and definitions used for the purposes of the institutions' supervisory reporting, also with regard to a maturity ladder, which would allow the maturity mismatch of an institution's balance sheet to be captured; and to correct typos, erroneous references and formatting inconsistencies which were discovered in the course of the application of that Regulation.
- (2) The European Banking Authority has conducted open public consultations, has analysed the potential related costs and benefits and requested the opinion of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010⁵.
- (3) Implementing Regulation (EU) No 680/2014 should be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

Implementing Regulation 680/2014 is amended as follows:

² OJ L 176, 27.6.2013, p. 1.

³ Commission Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 (OJ L 191, 28.6.2014, p. 1).

⁴ Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 with regard to liquidity coverage requirement for Credit Institutions.

⁵ 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 (OJ L 331, 15.12.2010, p. 12).

1. In Article 16b, the following point (c) is added:
‘(c) the information specified in Annex XXIV in accordance with the instructions in Annex XXV.’
2. Annexes XVIII, XIX, XX, and XXI are replaced in accordance with the text set out in the Annex to this Regulation.
3. Annexes XXIV and XXV are added in accordance with the text set out in the Annex to this Regulation.

Article 2

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

It shall apply from 1 March 2018.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Commission
The President

On behalf of the President

[Position]

ANNEX

ANNEX XVIII

(contains new version of Annex XVIII of Regulation (EU) No 680/2014)

ANNEX XIX

(contains new version of Annex XIX of Regulation (EU) No 680/2014)

ANNEX XX

(contains new version of Annex XX of Regulation (EU) No 680/2014)

ANNEX XXI

(contains new version of Annex XXI of Regulation (EU) No 680/2014)

ANNEX XXIV

(contains new Annex adding the template on the maturity ladder)

ANNEX XXV

(contains new Annex adding instructions on the template for the maturity ladder)

Explanatory text for consultation purposes

The new Annexes XXIV and XXV represent a template and instruction document for the maturity ladder, whereas the templates and instructions for the tools other than the maturity ladder are included in Annex XVIII to Annex XXI. Annex XVIII to Annex XXI already exist in Regulation (EU) No 680/2014 and hence constitute replacements. In order to facilitate the reading of the changes made, instructions and templates not related to the maturity ladder (annexes XVIII, XIX, XX, XXI) are published in a track changed version.

Additional excel files for informative purposes

In addition, two excel files (“Example template C66.00 of annex XXIV” and “Example template C70.00 of annex XVIII”) accompany the CP for informative purposes only.

These excel files are exclusively intended to be a clarifying example of the practical application of templates C66.00 and C70.00 as included in the draft ITS but have no legal value, do not form part of the ITS, do not discharge credit institutions from their obligation of reporting every item as required in the ITS and do not exempt them from their responsibility when reporting. These excel files are just provided for informative purposes and in no case the reporting may be substantiated by it. These excel sheets are provided for consultation purposes only and will not be part of the final ITS to be submitted to the EU Commission. It is to be noted that the application of the ITS will be included directly in the validation rules to be developed, along with the Data Point Model and Taxonomy

Proportionality threshold for quarterly frequency

By way of the proportionality threshold of paragraph 16b (2) of Implementing Regulation 680/2014 a credit institution may report the AMM with a quarterly frequency where conditions listed in subparagraphs (a), (b) and (c) of paragraph 16b (2) are met. Subparagraph (a) of paragraph 16b (2) reads:“(a) the institution does not form part of a group with subsidiaries or parent institutions located in jurisdictions other than that of its competent authority”. The proposed draft amending

ITS in this CP does not contain an alternative proposal for this wording. However, in view of some cases in which the application was not straightforward, the EBA is open to review the wording to obtain full clarity in the application of the criterion – which should be consistently applied across the EU – while at the same time staying close to the intended objective of it (also see question 6 of this CP).

Specifically it may need to be considered that, if it's not specified further, 'group' has the general meaning ascribed to it in the CRR. One possibility is to clarify that the institution should not form part of a group comprising credit institutions, investment firms or other financial institutions. Alternatively the concept of prudential scope for liquidity could be applied, taking into account liquidity sub-groups of Article 8 of the CRR. Further, regarding the applicable jurisdiction, the EBA considers to remove any ambiguity that may have arisen with respect to "the jurisdiction other than that of the competent authority".

5. Accompanying documents

5.1 Draft cost-benefit analysis / impact assessment

Based on Article 415(3)(b) of Regulation (EU) No 575/2013, the EBA is initially mandated to develop an ITS on additional liquidity monitoring metrics. The Commission, by way of implementing the ITS, has sought the EBA to update and to submit for additional adoption the excluded maturity ladder.

Article 15(1) of the EBA Regulation (Regulation (EU) No 1093/2010 of the European Parliament and of the Council) provides that when any draft implementing technical standards developed by the EBA are submitted to the Commission for adoption, they should be accompanied by an analysis of 'the potential related costs and benefits'. This analysis should provide an overview of the findings regarding the problem to be dealt with, the solutions proposed and the potential impact of these options.

This note outlines the impact assessment on credit institutions and supervisory authorities arising from the amendment of the adopted implementing regulation (EU) 2016/313 on AMM.

A. Problem identification

Liquidity stresses are events of low frequency but extreme severity that are difficult to predict. The implementing regulation (EU) 2016/313 addresses these concerns by providing additional liquidity monitoring metrics. The implementing regulation emerged from the initial EBA ITS on AMM proposal under Article 415(3)(b) of Regulation (EU) No 575/2013 in December 2013. It was adopted by the EC in March 2016 with significant amendments. The changes result in the exclusion of the maturity ladder, an important reporting tool for monitoring contractual maturity mismatches. Although the EBA agrees with the reasoning behind the adjustment,⁶ it expressed its dissent (EBA Op/2015/25) on the exclusion of the maturity ladder. The EBA holds the view that the adopted ITS on AMM, including the changes of the EC, do not meet the initial purpose to complement liquidity reporting requirements and to harmonise reporting practices among NCAs.⁷ The exclusion of the reporting framework for contractual maturity mismatches results in:

- Unharmonised liquidity reporting among competent authorities due to different reporting standards for the maturity ladder tool; and

⁶ The maturity ladder is based on the provisional approach of reporting requirements set out in Article 416 of the CRR concerning liquid assets. Its liquidity definition should be aligned in granularity with the LCR DA in order to avoid unproportional reporting burden for institutions.

⁷ For further details see EBA (2015): Opinion of the European Banking Authority on the Commission intention to amend draft Implementing Technical Standards on additional liquidity monitoring metrics under Article 415(3)(b) of Regulation (EU) No 575/2013, 23 September 2015.

- Incomplete provision of a proportionate tools set for the assessment of institution's liquidity risk profiles to competent authorities.

The latter highlights the need for the supervision of an institutions' liquidity risk beyond the scope of the reports on liquidity coverage and stable funding.

To address these issues, the draft amending ITS on AMM provides changes to the adopted implementing regulation (EU) 2016/313 with focus on the maturity ladder. The draft amending ITS on AMM further clarifies the application of the adopted reporting templates (C67.00 to C71.00) by reviewing questions from the industry.

B. Policy objectives

The draft amending ITS outlined in this CP introduces a revised maturity ladder template and suggest further minor revisions on the templates capturing the adopted additional monitoring metrics.⁸ The changes proposed aim to achieve the following objectives:

- Provision of an additional monitoring tool designed to complement the supervision of an institutions' liquidity risk beyond the scope of the reports on liquidity coverage and stable funding and beyond the already implemented templates of AMM;
- Align the reporting of the proposed maturity ladder with the reporting standards set in the LCR DA;
- Ensure a harmonised maturity ladder template across the EU;
- Incorporates Q&A feedback by the industry on the application of the non-maturity ladder reporting templates.

C. Baseline scenario

The CP examined two alternative options for achieving the objectives. The baseline scenario refers to the status quo which keeps the additional monitoring metrics for liquidity as adopted by the EC in the implemented regulation (EU) 2016/313 in March 2016. This means non adoption of the maturity ladder template and implementation of the non-maturity ladder templates without the revisions that are meant to clarify application.

The status quo is considered to be incapable of achieving the outlined objectives. Also, many institutions have already incurred costs in implementing the necessary systems to begin reporting the maturity ladder by July 2015 as originally intended by the draft ITS published by the EBA. It is expected that competent authorities proceed/continue with a collection of the information needed under a format identical to the initial ITS⁹ or under a different format, which may even

⁸ The non-maturity ladder additional monitoring metrics identifies liquidity risks due to: concentration of funding by counterparty (C67.00); funding by product type (C68.00); prices for various lengths of funding (C69.00); the rollover of funding (C70.00); and concentration of counterbalancing capacity by issuer/counterparty (C71.00).

lead to further costs, duplication of efforts and continuation of unharmonised practices in this area. Under the status quo competent authorities are missing an essential tool to create prudential liquidity regulation.

D. Options considered

The preferred option is the full adoption of the proposed amendments on the ITS on AMM. It results in the full adoption of a revised maturity ladder as well as in the revision of the templates C67.00 to C71.00 based on feedback from the industry.

The revision of the template capturing maturity mismatches (C66.00) is outlined in section **Error! Reference source not found.** of this CP and includes:

- (a) the adjustment of three sections of the initial maturity ladder by (partly) aligning the definition of Inflows, Outflows and Counterparty Capacity with those used in the LCR DA;
- (b) the inclusion of contingencies items;
- (c) the rearrangement of several information from the Inflows, Outflows and Counterparty Capacity sections to a separate memorandum section; and
- (d) the adjustment of the template columns (time buckets) by focusing on higher granularity in more recent periods.

The adjustments improve the initial EBA 2013 maturity ladder. The included HQLA items provide important information on the institution's capability to transform illiquid liabilities into liquid assets. Beyond the scope of the LCR DA reporting, further central bank items capture broader liquidity horizons, allowing NCAs to evaluate liquidity risks from long-term positions. The alignment of the items with LCR DA and the reduction in granularity decrease the reporting burden for institutions. The adjustments set important standards to the structure and content of liquidity risk reporting and contributes to the objective to create a harmonised standard among EU regulators.

Align with the LCR DA, the contingencies items carry important information on the institution's liquidity position under a potential negative event. The memorandum items support the estimation of LCR evolution over different time horizons and help identify upcoming volatility of this ratio. The inclusion of contingencies items and memorandum items contribute to the EBA objective to provide a complete set of liquidity risk reporting tools for NCAs.

The adjustment of the time buckets result in a more granular assessment of recent horizons, improving the provision of information needed for NCAs' stress testing analysis.

⁹ For the initial proposal of the maturity ladder see: EBA final draft implementing technical standards – on additional liquidity monitoring metrics under Article 415(3)(b) of Regulation (EU) No 575/2013, 24 July 2014.

The revision of the adopted non-maturity ladder templates clarifies the application of the templates based on EBA's Q&A process. The changes include minor adjustments of the reporting templates, the clarification of reporting items definition and further editorial changes to allow an efficient collection of data.

E. Cost-Benefit Analysis

Benefits

The preferred option comprehends the full adoption of the new C66.00 reporting template (maturity ladder) and revisions to the C67.00 to C71.00 templates (non-maturity ladder). The former benefits institutions by reducing compliance costs for liquidity reporting for cross-border institutions by facilitating a harmonised approach within the unit. Further, it provides them with a powerful tool for their resolution processes.

The revised C66.00 template benefits NCAs by completing the set of prudential regulatory tools. In particular, the maturity ladder exceeds the scope of the LCR by allowing the assessment of liquidity coverage under different scenarios and under different time buckets. It contains information on the institutions' reliance on internal as opposed to external resources, on interest payment flows and capture re-use of collateral. It is further valuable in estimating the evolution of LCR and identifies the upcoming volatility of the ratio. Therefore, the maturity ladder not only works as an addition to the set of tools capturing institutions liquidity risk, but also enhances the quality of tools already in place.

The revision of templates C67.00 to C71.00 benefits institutions and NCAs by increasing the quality and accountability of reported data. Clear instructions and definitions facilitate the reporting process and thus reduce administrative costs. The common understanding of the templates improves the exchange of information within units of the institutions as well as among competent authorities in different EU jurisdictions.

Costs

In some jurisdiction, the implementation of the revised maturity ladder is expected to result in the introduction of an additional reporting item. However, in most jurisdictions it will be an adjustment on the reporting framework for monitoring maturity mismatches already (partly) implemented based on the anticipated adoption of the EBA 2013 ITS on AMM. The impact on administrative cost is expected to be low as institutions already implemented the operational process to produce granular data in order to conform to the LCR DA reporting needs. For data submission and storage, facilities already established under COREP/FINREP can be used. In overall, the additional costs for competent authorities and institutions are expected to be low and the benefits are expected to exceed the costs.

5.2 Overview of questions for consultation

Q01: Do respondents agree to the structure and content of the maturity ladder template as proposed in Annexes XXIV and XXV, with in particular the items in the contingency section and memorandum item section? If not, would respondents have substantiated reasons for amending or not including a particular data item?

Q02: Do respondents agree to the structure and content of the proposed revisions to the templates and instructions of the non-maturity ladder templates Annex XVIII to Annex XXI of Implementing Regulation 680/2014? If not, would respondents have substantiated reasons for not amending or further amending a particular paragraph or cell description?

Q03: Do respondents agree to the proposed clarification to the treatment of transactions that have rolled-over during the reporting period in paragraph 8 of the instructions to template C69.00 (as in annex XIX), or would it be preferable to have daily averaging of volumes and spreads as one alternative or end of month spreads as another (and why)?

Q04: Do respondents agree to the proposed clarification to the treatment of sight deposits in paragraph 9 of the instructions to template C69.00 (as in annex XIX), to focus only on those deposits that are new for the applicable reporting period, or would it be preferable to align the treatment with that of items that have rolled-over?

Q05: Would respondents have substantiated arguments for an implementation period different from the above-mentioned March 2018 application date?

Q06: Do respondents have substantiated views on the effectiveness and clarity of the proportionality threshold of subparagraph (a) of paragraph 16b (2) of the ITS on reporting? Would they see alternative workable solutions?

Q07: Do respondents agree to the impact assessment? If not, would respondents have substantiated reasons why they would foresee a different conclusion