

Consultation Paper

Draft Implementing Technical Standards (ITS)

on collaboration concerning supervision between home and host Member States in relation to sharing of information in accordance with Article 50(7) of the Capital Requirements Directive (CRD)



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Contents

1.	Responding to this Consultation	3
2.	Executive summary	4
3.	Background and rationale	5
4.	Draft Implementing Technical Standards on collaboration concerning supervision between home and host Member States in relation to sharing of information in accordance with Article 50(7) of the Capital Requirements Directive (CRD)	7
5.	Accompanying documents	14
5.1	Draft cost-benefit analysis	14

1. Responding to this Consultation

The EBA invites comments on all proposals put forward in this paper.

Comments are most helpful if they:

- 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 8 October 2013. 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 whether 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) No 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 draft implementing technical standards (ITS) establish standard forms, templates and procedures for the information sharing requirements which are likely to facilitate the monitoring of institutions which operate through a branch or through the freedom to provide services in one or more Member States other than that in which their head offices are situated. The standards apply in relation to the information specified in regulatory technical standards adopted by the Commission under Article 50(7) of Directive 2013/36/EU (the Capital Requirement Directive).

The draft implementing technical standards are structured with two major parts: (i) procedure for information exchange during going concern situations, and (ii) procedures for information exchange in a liquidity stress situation. For going concern situations, the main elements of the implementing technical standards refer to the timing of exchange of information, which envisages semi-annual exchange of information regarding liquidity and findings from liquidity supervision, annual exchange of information regarding solvency and other items specified in the draft regulatory technical standards as a regular procedure, and speedier procedures for notification regarding issues of non-compliance with regulatory requirements and application of supervisory administrative penalties or other administrative measures. It is planned that information regarding provision of services will be exchanged upon request by the competent authorities.

The draft implementing technical standards also outline operational procedures, including the establishment of contact lists and interaction in cases where a college of supervisors has been set up; and use of common formats and templates. The draft implementing standards also set out the procedure for ad hoc information requests.

The draft implementing technical standards are supplemented by two annexes: Annex 1, containing templates and explaining the formats to be used for quantitative and qualitative information to be exchanged on a regular basis (semi-annual for liquidity information for significant branches and annual for all other information); and Annex 2, containing the template for the exchange of information in a liquidity stress situation. It should be noted that certain non-quantitative information regarding management and ownership; liquidity management policies and procedures; emergency situation preparations, and information regarding non-compliance with regulatory requirements; application of supervisory measures; and administrative penalties or other administrative measures shall be provided in the format deemed appropriate by the competent authority providing the information.

The draft implementing technical standards should be read together with the accompanying draft regulatory technical standards specifying the information to be exchanged between the competent authorities of home and the host Member States. Both regulatory and implementing technical standards have been published for public consultation, and are expected to be submitted to the European Commission by 1 January 2014, taking into account the results of the public consultation.

3. Background and rationale

The new Capital Requirements Directive (CRD)¹ sets out the requirements for competent authorities to cooperate and exchange information regarding institutions operating through branches and the freedom of provision of services which are expected to apply from 31 December 2013. and mandates the EBA to prepare draft implementing technical standards in this area.

Supervisory cooperation between competent authorities of home and host Member States is an important element for ensuring safeness and soundness of the Single Market and protecting the interests of depositors and investors across the Union. The importance of appropriate exchange of information and cooperation between the competent authorities supervising institutions operating through branches or through the freedom to provide services in one or more Member State has already been recognised in the earlier amendments to the existing Capital Requirements Directive, which in Article 42 requires competent authorities to ‘supply one another with all information concerning the management and ownership of such credit institutions that is likely to facilitate their supervision and the examination of the conditions for their authorisation, and all information likely to facilitate the monitoring of such institutions, in particular with regard to liquidity, solvency, deposit guarantees, the limiting of large exposures, administrative and accounting procedures and internal control mechanisms’.

In 2009, EBA’s predecessor, the Committee of European Banking Supervisors (CEBS) was asked by the Commission in a Call for Advice to specify categories of information to be exchanged between supervisors in relation to institutions operating through branches and significant branches. CEBS provided its advice in June 2009², but this has not been explicitly incorporated into the Level 1 legislation, and the Capital Requirement Directive did not specify what information and how it should be exchanged between the competent authorities leaving this to national discretion and implementation.

Certain episodes of the financial crisis, however, highlighted weaknesses in the framework for exchange of information regarding institutions operating through branches, and branches themselves. To address this significant shortcoming highlighted by the crisis, the revised Capital Requirements Directive in its Article 50 strengthens the requirements for competent authorities to cooperate and exchange information regarding institutions operating through branches. Article 50(7) also mandates the EBA to draft implementing technical standards to establish standard forms, templates and procedures for information exchange amongst competent authorities.

This implementing technical standards are seen as a major step forward in order to introduce structure and consistency in information exchange, ensuring equal access for competent authorities of host Member States to supervisory information regarding institutions operating through branches or through the freedom to provide services in other Member States, especially through the introduction of

¹ The final text of the CRD is available at OJ L 176, 27.6.2013, p.338, <http://new.eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2013:176:TOC>

² See: <http://www.eba.europa.eu/documents/10180/16106/CEBS%27s+advice+on+article+42+of+CRD.pdf>

regular and structured provision of key supervisory information on a semi-annual and annual basis, as opposed to unstructured and uncoordinated ad hoc information requests.

The draft implementing technical standards should be read together with the accompanying draft regulatory technical standards specifying what information shall be exchanged between the competent authorities. Both regulatory and implementing technical standards are published for public consultation and are expected to be submitted to the European Commission by 1 January 2014.

Any draft implementing technical standards are produced in accordance with Article 15 of the EBA Regulation. According to Article 15(4) of the EBA Regulation, implementing technical standards must be adopted by means of regulations or decisions.

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

Shaping these rules in the form of a regulation will ensure a level playing field by preventing diverging national practices, and will ease the cross-border provision of services.

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4. Draft Implementing Technical Standards on collaboration concerning supervision between home and host Member States in relation to sharing of information in accordance with Article 50(7) of the Capital Requirements Directive (CRD)

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

laying down implementing technical standards with regard to collaboration concerning supervision between home and host Member States in relation to sharing of information, according to Directive 2013/36/EU of the European Parliament and of the Council
of 27 June 2013

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Directive 2013/36/EU of the European Parliament and of the Council 27 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directive 2006/48/EC and 2006/49/EC³, and in particular to Article 50(7) thereof,

Whereas:

- (1) In order to ensure efficient and timely cooperation between competent authorities of home and host Member States information exchange should be two-way, within the respective supervisory competences of those authorities. This Regulation should therefore specify the operation procedures, timelines, formats and templates for the exchange of information during going concern situations and liquidity stress situation. The Regulation should aim at harmonising reference dates and maximum remittance dates for the information to be exchanged on a regular basis (semi-annually and annually). However, competent authorities are expected to exchange information as early as practicable possible without waiting for the maximum remittance dates specified in this Regulation.
- (2) Without prejudice to procedures for information exchange set in this Regulation, competent authorities of home or host Member States should inform each other without undue delay about the potential situation affecting the financial stability or functioning of a branch and provide all essential and relevant information regarding such situation.

³ OJ L 176, 27.6.2013, p.338

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- (3) Given the differences in size, complexity and significance in a host Member State where branches operate, it is important to recognise the principle of proportionality in the exchange of information and application of this Regulation. To this end, the Regulation should distinguish between the information needs of competent authorities in host Member States which are responsible for branches and those which are responsible for branches identified as significant in accordance with Article 51 of Directive 2013/36/EU.
 - (4) Information exchange between competent authorities of home and host Member States is not limited to the types of information specified in Article 50 of Directive 2013/36/EU, and therefore to the types of information specified in this Regulation. In particular, Directive 2013/36/EU makes separate provision for exchange of information regarding on-the-spot verification of branches, regarding the notifications of the exercise of the right of establishment and of the freedom to provide services, and regarding measures, including precautionary measures, taken by competent authorities in relation to branches and their parent undertakings. This Regulation should therefore not specify exchange of information requirements in those areas.
 - (5) The Regulation should also address exchange of information in relation to the carrying on of activities in a host Member State by way of the provision of services. Given the nature of cross-border services, competent authorities of host Member States have an information gap regarding operations being conducted in their jurisdictions, and covering that gap is essential for the purposes of safeguarding financial stability and monitoring conditions of authorisations, in particular monitoring whether the institution provides services in accordance with the notifications provided. Despite the importance of such information, the potential burden in collecting and disseminating it to all competent authorities is such that the Regulation should not provide for regular exchange of such information, but should ensure that it is provided on request from the competent authorities of host Member States.
 - (6) This Regulation is based on the draft implementing technical standards submitted by the European Supervisory Authority (European Banking Authority) to the Commission.
 - (7) The European Supervisory Authority (European Banking Authority) has conducted open public consultations on the draft implementing technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the opinion of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010.

HAS ADOPTED THIS REGULATION:

TITLE I

Subject matter

Article 1

Subject matter

This Regulation establishes standard forms, templates and procedures for the information sharing requirements which are likely to facilitate the monitoring of institutions which operate through a branch or through the freedom to provide services in one or more Member States other than that in which their head offices are situated. It applies in relation to the information specified in regulatory technical standards adopted by the Commission under Article 50(6) of Directive 2013/36/EU.

TITLE II

Information exchange regarding institutions operating through a branch or branch itself during going concern situations

Article 2

Timing and frequency of information exchange

1. Information shall be exchanged with the following frequencies:
 - a) without undue delay in relation to information regarding non-compliance with legislative or regulatory requirements or the application of supervisory measures or administrative penalties or other administrative measures, and at the latest within fourteen calendar days of the earlier of the determination by the competent authorities of the non-compliance situation or of the application of the supervisory measure or administrative penalty;
 - b) semi-annually in relation to quantitative information regarding liquidity and findings from liquidity supervision provided to the competent authorities of host Member States which supervise a significant branch;
 - c) annually for all other information.
2. Quantitative information regarding liquidity and findings from liquidity supervision shall be provided by the competent authorities of the home Member State to the competent authorities of host Member States which supervise a significant branch by 28 February on the basis of the position as at the preceding 31 December and by 31 August on the basis of the position as at the preceding 30 June.
3. Information to be provided on an annual basis shall be provided by 30 April on the basis of the position as at 31 December, except for information regarding management and ownership of the institution, which shall be provided on the basis of the most recent information available.

Article 3

Operational procedures

1. The competent authorities of the home Member State shall provide all information regarding the institution to the competent authorities of all Member States where the institution operates through a branch or by using the freedom to provide services. Information affecting a particular branch only, including information regarding non-compliance with legislative or regulatory requirements or the application of supervisory measures or administrative penalties or other administrative measures to a branch, is only required to be provided to the competent authorities of the Member State where the affected branch operates.
2. The competent authorities of the home Member State shall maintain and share with the competent authorities of the host Member States an up-to-date list for each institution which contains the relevant contacts, including emergency contacts, at the competent authorities of the home and host Member States. For this purpose, the competent authorities of host Member States shall inform the competent authorities of the home Member State of its contacts and of any changes in those contacts without undue delay. The contact list shall be reviewed annually.
3. Information shall be exchanged in written or electronic form and shall be addressed to the relevant contact persons identified in the contact list referred to in paragraph 2 unless specified otherwise by a competent authority when it makes a request for information.
4. Where information is exchanged in electronic form, secure channels of communication shall normally be used. The competent authorities may decide to use unsecure channels of communication where appropriate.
5. Information regarding non-compliance or the application of administrative penalties or other administrative or supervisory measures and information relating to a liquidity stress situation may be provided orally before being confirmed in written or electronic form.
6. Competent authorities shall confirm the receipt of information. Where information has been provided in electronic form using secure means of communication the receipt confirmation shall be provided using the same means. Confirmation shall not be required for information which has been provided orally or using a secure means of communication which enables the sender to confirm that the information has been received.
7. Where a college of supervisors has been established to facilitate cooperation in relation to an institution with significant branches in accordance with Article 51(3) of Directive 2013/36/EU, paragraphs 2 to 6 shall not apply and information shall be exchanged using the process agreed in the written arrangements for that college unless the institution also operates through branches which are not significant branches.

Article 4

Use of common formats and templates

1. Quantitative information regarding the liquidity and solvency of an institution shall be exchanged using the appropriate template in Annex 1 and in the format specified in the template.
2. Quantitative information regarding the market shares of a branch and volumes of services offered through the freedom to provide services shall be exchanged using the appropriate template in Annex 1 in the format deemed appropriate by the competent authority that provides the information.
3. Non-quantitative information on the following matters shall be exchanged using the appropriate template in Annex 1 in the format deemed appropriate by the competent authority that provides the information:
 - a) liquidity, except information concerning non-compliance;
 - b) solvency, except information concerning non-compliance;
 - c) deposit guarantee schemes;
 - d) cross-border provision of services.
4. Non-quantitative information regarding management and ownership, liquidity management policies and procedures, and preparations for emergency situations shall be provided in the format deemed appropriate by the competent authority that provides the information and shall form an appendix to the information provided using the template in Annex 1.
5. Information regarding non-compliance with regulatory requirements, application of supervisory measures and administrative penalties or other administrative measures, and identification of an institution as a global systemically important institution or as an other systemically important institution shall be provided in the format deemed appropriate by the competent authority that provides the information.

TITLE III **Information on request of competent authorities**

Article 5

Ad-hoc information requests of competent authorities

1. Requests for information additional to that specified in regulatory technical standards adopted by the Commission under Article 50(6) of Directive 2013/36/EU shall be transmitted in written or electronic form to the appropriate contact persons identified in the contact list referred to in Article 3(2).

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2. Requests for additional information shall explain how the information is likely to help facilitate the safeguarding of financial stability and supervision or the examination of the conditions for the authorisation of an institution, and shall specify a reasonable time by which the response is requested taking into account nature and urgency of the request and information requested.
 3. A competent authority receiving a request for additional information shall provide the information without undue delay and shall make every effort to respond by the time indicated in the request.
 4. If the competent authority is unable to reply by the time indicated in the request it shall inform the competent authority that made the request without undue delay of the time by which it will provide its answer. If the information requested is not available, the competent authority receiving the request shall inform the competent authority that made the request accordingly.

TITLE IV

Information exchange regarding operations through the cross-border services providers during going concern situations

Article 6

Principles for information exchange regarding cross-border services

1. Competent authorities of host Member States where an institution provides cross-border services under the Chapter 3, Title V of Directive 2013/36/EU may request competent authorities of the home Member State to provide information specified in regulatory technical standards adopted by the Commission under Article 50(6) of Directive 2013/36/EU.
2. Such information requests shall be transmitted in written or electronic form to the appropriate contact person identified in the contact list referred to in Article 3(2).
3. The competent authorities of the home Member State shall provide the information requested within three calendar months of receiving the request.

TITLE V

Information exchange regarding institutions operating through a branch in a liquidity stress situation

Article 7

Principles for information exchange in a liquidity stress situation

1. If the competent authorities of the home Member State determine that a liquidity stress has occurred, or can reasonably be expected to occur, with respect to an institution as a whole, they shall immediately notify the competent authorities of the host Member States and provide the information in the format and using the template specified in Annex 2.

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2. If the competent authorities of a host Member State determine that a liquidity stress has occurred, or can reasonably be expected to occur, with respect to a branch of an institution within the host Member State, they shall immediately notify the competent authorities of the home Member State and provide the information in the format and using the template specified in Annex 2 to the extent possible given the supervisory responsibilities and powers of competent authorities.

TITLE VI

Final provisions

Article 8

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

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]

5. Accompanying documents

5.1 Draft cost-benefit analysis

5.1.1 Introduction

The Capital Requirements Directive, enacted in 2006, sets out in Article 42 that competent authorities of the Member States collaborate closely in order to supervise the activities of credit institutions operating in more than one Member State through a branch.

Responding to this, the European Commission had requested the advice of CEBS ('the Advice') to compile an indicative list of information that would facilitate the monitoring of these credit institutions. The CEBS issued its Advice on this in 2009 and underlined the indicative nature of the topics included in this list. The Advice, in general terms, did not provide for how this information should be exchanged.

The current version of Directive 2013/36/EU requires in Article 50(6) that the EBA develop draft ITS to establish standard forms, templates and procedures to determine how the information pertaining to this topic of information exchange between supervisory authorities involved in the monitoring of credit institutions operating in more than one Member State should be provided. The CRD also requires that a draft RTS be prepared on this topic. The cost-benefit analysis of that RTS should be read in conjunction with this analysis as they have a complementary nature.

5.1.2 Current framework and procedural issues

While developing its work and before the publication of the Consultation Paper, the EBA considered whether the Advice issued by the CEBS in 2009 could be used as a potential starting point for the discussions for the preparation of this ITS. However, the Advice remained silent on procedures, templates and forms, and was not fit for this purpose. Furthermore, the Advice was not binding and was not subject to the 'comply or explain' rule.

The main elements used to prepare this ITS have been (i) the debates conducted in the EBA (in a dedicated Subgroup), based on different Member States experiences in this field; and (ii) the ITS for passporting notification (Articles 35 to 39 of the CRD) that had previously been approved by this same Subgroup in previous discussions. It is convenient to underline that this ITS on passporting notification could be used for agreeing on common procedures, to the extent that the opening of a branch implies the first communication between supervisors regarding cross-border activities of a bank, and after that subsequent communications are needed. Nevertheless, some topics from the ITS on passporting notification could not be used (e.g. language) as they were intended for bilateral settings (and not for multilateral ones) and also involved communications from banks (while this ITS only refers to communications between supervisors).

The EBA also conducted an extensive stock take among competent authorities of topics that could be included in the accompanying RTS, and finally an Impact Assessment Questionnaire was developed to facilitate the appraisal of the expected impact of this new regulation.

5.1.3 Problem definition

The main problem that the EBA is called to contend with is the standardisation of forms and templates and the establishment of common procedures for the information to be notified from (i) the competent authority of the home Member State to the competent authority of the host authority; and (ii) vice versa. In both cases, the information specified can be of a periodic nature, after a specific situation has taken place or because of particular ad hoc requests.

The main goal of the future supervisory framework is to achieve harmonisation both at the level of the content of information exchange (which is dealt with by the respective RTS on this topic) and the procedure of information exchange (which is covered by the present ITS). To accomplish this, the EBA

has to bear in mind that the goal of every binding technical standard (BTS) is to achieve the maximum possible harmonisation in order to achieve the objectives of the level playing field, the prevention of regulatory arbitrage opportunities, and enhance supervisory convergence and legal clarity. In addition, developing procedures and templates that address identified problems within current practice is expected to reduce the compliance burden and stimulate effective cooperation for both competent authorities in the home and host Member States. Nevertheless, maximum harmonisation across the EEA does not preclude the use of 'ad hoc' requests, if necessary.

5.1.4 Objectives

It is important to underline that this ITS will have no costs for credit institutions, as it refers to information to be exchanged between supervisors.

The impact assessment has been carried out bearing in mind that the four general objectives of the CRD are met and the negative externalities have been contained⁴. In general terms, it is deemed that the ITS will contribute to a better functioning of the internal market and, in that vein, will foster these general objectives. In particular, for the purpose of the forthcoming analysis, three general objectives are more relevant to the specific ITS:

- Enhance financial stability (G-1). This objective is satisfied insofar as the ITS foresees a particular accelerated procedure for some cases where financial stability could be in jeopardy.
- Enhance safeguarding of depositor interests (G-2). The ITS satisfy this objective by providing a definite procedural framework for the exchange of information.
- Ensure international competitiveness of the EU banking sector (G-3). The common and standardised set of information required by the ITS is based as much as possible on information already available to supervisors, thus avoiding compliance costs by the banking sector. At the same time, flexibility is provided as in some cases the use of a free format is permitted in order to not burden supervisors with the preparation of templates.

The operational (specific) objectives that are the most relevant and addressed, implicitly or explicitly, by this impact assessment are the following:

- Prevent regulatory arbitrage opportunities (S-3). In line with the task of building up a Single Rule Book of Supervision at European level, the ITS reduce the chance of national approaches that could result in inconsistent approaches in the set of information required by authorities for credit institutions that operate cross-border within the EEA
- Enhance legal clarity (S-4), by providing clarity on the respective roles of home and host authorities, and the templates to be used. It is expected that costs resulting from the use of inappropriate means of transmission will be reduced.
- Reduce the compliance burden (S-5). A harmonised framework of technical standards among competent authorities in the EU will have a beneficial impact on the compliance costs sustained both by competent authorities and the credit institutions: for authorities and credit institutions, because information submissions are based as much as possible on information already available; and for credit institutions, because they are not required to submit information to different authorities.
- Enhance supervisory cooperation and convergence (S-7). The cooperation among authorities will benefit by the introduction of the ITS as this exchange of information will converge to a common standard in light of the precise procedures for sending information and the use of common templates and forms.

⁴ For further information, see the 'Commission Staff Working Paper – Impact Assessment' accompanying the document 'Regulation of the European Parliament and the Council Regulation on prudential requirements for the credit institutions and investment firms'

(http://ec.europa.eu/internal_market/bank/docs/regcapital/CRD4_reform/IA_regulation_en.pdf)

5.1.5 Policy options: analysis and comparisons / preferred options

Conditions set out by the Level 1 text

A number of conditions were set out by the Level 1 text and thus are being put forward by the ITS as elements to define that comprise the baseline option. Not taking any other action to specify the additional information needed would be one of the alternative options considered (the so-called ‘do nothing option’ in relation to Level 1 text and the RTS).

i. Distinction between significant and non-significant branches

Given the differences in size and complexity of branches, it has been deemed important to take account of the principle of proportionality, and this has been done by aligning this boundary with the concept of significant branches, as defined in Article 51 of the CRD. In particular, it is possible that in the case of significant branches a college of supervisors has been established, and the ITS allows the use of this setting to exchange information, thus reducing the cost for the involved authorities. (NB: a branch can be considered significant if it has a market share – in terms of deposits – of 2% or higher in the local market, or if its suspension on systemic liquidity, payment, clearing and settlement systems in the local market can be significant, or because of the importance of the branch according to the number of clients in the local market).

ii. Common templates and formats

The ITS provides for enhanced harmonisation at EU level using standard forms, while, at the same time permits flexibility using a common template, but not a pre-defined format, or even free templates in some cases, such as the internal control mechanisms or information regarding ownership. Insofar as possible, the templates are the ‘mirror’ of the information specified in the corresponding RTS.

iii. Frequency and remittance dates

The RTS strikes an equilibrium between the needs of (mainly host) supervisors and the costs for (mainly home) supervisors. Generally, an annual frequency has been established as the appropriate balance for these two diverging requirements. Nevertheless, two exceptions are envisaged by the relevant RTS:

- Without undue delay timing in the case of non-compliance issues or application of supervisory measures or sanctions. A backstop (14 days) has been added to provide further harmonisation.
- Semi-annual information in the case of liquidity items for supervisors of significant branches, to take due account of the importance of this topic for competent authorities in host Member States.

Issues covered by the ITS

In addition to the aforementioned elements, that are identified and set out in the Level 1 text and the respective RTS on information exchange, the ITS will assess the additional impact from implementing the following two elements in the information exchange:

iv. Operational procedures

Written or electronic (where possible, secure) are the typical means, while oral communication can be used in particular cases, thus providing further flexibility, if needed. The ITS also establishes the need to prepare – and keep updated – contact lists to facilitate the distribution of information.

v. Ad hoc Information from host authorities

Finally, the ITS allow the possibility of further requests from host competent authorities to home authorities (and vice versa), provided that this additional information will help facilitate the safeguarding of financial stability or the examination of the conditions for the authorisation of a branch. The ITS describe the procedures for such requests.

5.1.6 Cost-benefit analysis⁵

General assessment

In general terms, the responses provided by the competent authorities ('the respondents') to the IA questionnaire show that the policy options to be introduced by the BTS on Information Exchange have a total net neutral impact upon supervisory authorities. The total net impact has been estimated as the add-on impact on the 'do-nothing' option in relation to the Level 1 text and the respective RTS on Information Exchange.

For the sake of proportionality, the respondents were not asked to provide the exact monetary impact, which would be burdensome to estimate, but were requested to provide the magnitude of impact, i.e. negligible impact (=1), low impact (=2), medium impact (=3) and high impact (=4). The impact appears as a positive value on the side of benefits and as a negative value on the side of costs. Wherever the net impact (the difference of absolute values of benefits and costs) appears to be negative, it is indicated that there is a net negative (monetary) impact from the implementation of the RTS, whereas, the net positive values indicate that there is a positive (monetary) impact from the implementation of the RTS.

The individual answers on the magnitude of the impact are weighted by the number of banks that have branches in other EEA countries (for home supervisors) and on the number of banks from other EEA countries that retain branches (for host supervisors). The result after applying this weighting is a marginal positive net impact. The cost-benefit analysis of this report has been based on the weighted results, rather than on the unweighted results, as they are more representative of the absolute magnitude at European level. Nonetheless, and for further information, the summary of the impact, according to the unweighted and weighted approaches, is shown in the following table (where 0 would be a total neutral impact).

Table 01: Unweighted and weighted magnitude of net impact for Home and Host Supervisors and joint net impact for both these ITS (note: net impact refers both to RTS and ITS impacts).

⁵ The initial part of this analysis applies to both the RTS and the ITS on this subject.

Unweighted impact		
Net impact for home supervisors	-0.4	Negligible negative impact
Net impact for host supervisors	0.2	Negligible positive impact
Net impact for both home and host supervisors	-0.2	Negligible negative impact
Weighted impact		
Weighted net impact for home supervisors (weights according to number of banks per country)	-0.7	Negligible negative impact
Weighted net impact for host supervisors (weights according to number of banks per country)	0.9	Negligible positive impact
Weighted net impact for both home and host supervisors (weights according to number of banks per country)	0.1	Negligible positive impact

Specific items assessment

i. Benefits

With respect to home authorities, respondents from Member States participating in the questionnaire expect that the major benefits from implementing a structured and regular exchange of information are:

- First, the possibility of receiving timely information regarding non-compliance issues, application of sanctions and supervisory measures without undue delays and waiting for the regular cycle.
- Second, the possibility of making it suitable for all host supervisors, reducing the workload of the home supervisors.
- Third, the prevention of excessive and uncoordinated communication between home and host supervisors, thus reducing the workload of the home supervisors, through improved communication management and preparation of information exchange.

From a host authority perspective, the main provisions in the RTS stated to be advantages were:

- The possibility to receive comprehensive quantitative information on liquidity and solvency as a part of the single pack, as opposed to receiving and analysing underlying COREP/FINREP data.
- The possibility to streamline the work carried out at the authorities' level and minimise the need for ad hoc information requests.
- The harmonisation across EU Member States, and the possibility to receive timely information regarding non-compliance issues, application of sanctions and supervisory measures without undue delays and waiting for the regular cycle.

ii. Costs

Regarding home authorities, an analysis of the responses shows that the highest expected costs may be assigned to:

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- First, the cost of producing the package of information to exchange.
 - Second , the collection of information from various sources.
 - Third, the cost of populating the package with quantitative data on solvency and liquidity, instead of forwarding underlying COREP/FINREP templates.

From a host point of view, the costs declared were:

- The excessive cost of processing the data.
- The excessive – and unnecessary – information received.
- The excessive cost of data storage.