

EBA

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EBA - Consultation Paper on Draft Implementing Technical Standards on Supervisory reporting requirements for liquidity coverage and stable funding (EBA/CP/2012/05)

The Division Bank and Insurance of the Austrian Federal Economic Chamber, as representative of the entire Austrian banking industry, appreciates the possibility to comment on "EBA Consultation Paper on Draft Implementing Technical Standards on Supervisory reporting requirements for liquidity coverage and stable funding (EBA/CP/2012/05)" and would like to submit the following position.

General remarks:

Given the delay in finalising the CRD IV/CRR texts EBA, the European Supervisors and the banking industry are under extreme pressure to meet timelines that were envisaged originally. For that reason it may be reasonable to reconsider the timelines, in particular to set an adequate timeframe between the issuance of the final text and the implementation of official reporting.

The new EBA templates are significantly different to the currently used templates for QIS monitoring. Given the lack of other final specified requirements, institutions have decided so far to base the technical implementation for the automatic population of the data template on the QIS template. Consequently, a change of the templates will lead to a high additional effort. Therefore we propose that EBA templates shall be in line with QIS templates as the time-plan for the CRR introduction beginning of 2013 is very challenging.

One main concern is that the current templates do not include the calculation of the ratios. Apart from an additional technical effort that has not been taken into account, yet, it could also lead to an inconsistent calculation of LCR and NSFR results between banking institutions and authorities. For these reasons the calculation of the ratios should be included into the templates.

Furthermore we wonder whether the reporting will include the current LCRsup template and the current EBA LCR part as well.

Moreover we would like to stress that we support maximum harmonisation across the EU in this regard. Reporting and monitoring standards should be the same for all countries in order to

decrease administrative burdens in terms of process and reporting and to foster a level playing field.

The perimeter of entities 1) to be included in reports and 2) subject to reporting should be clarified. In particular it is not clear how to treat sub-groups given that the supervisory approval/waiver process for European defined liquidity groups and sub-groups is not yet available. In this context the treatment of intra-group transactions should be clarified specifically. Intra-group transactions should receive a favourable treatment, as banking groups cannot be forced to fund themselves on the market in order to meet the minimum requirements at consolidated level, in case the gap is also determined by intra-group positions. Therefore intra-group transactions should be treated according to the latest Danish compromise.

The treatment of minimum and liquidity reserve should be clarified such that minimum and liquidity reserve shall constitute a liquid asset item which can be used in times of stress.

Q1: Are the proposed dates for first remittance of data, i.e. end of January and end of March 2013 feasible?

31 January 2013 for first remittance of LCR data is very challenging. As per end of July 2012 final versions of CRR I and the EBA LCR/NSFR template are not available with final rules to be expected in Q4 2012 at the earliest. Hence, a too short period will remain to implement and test possible changes until the first reporting date.

An alternative could be the first reporting date one year after publication of the final version of CRR I and the corresponding EBA LCR/NSFR template.

Early reporting of LCR compared to NSFR reporting and other CP 50 reporting requirements leads to additional efforts. Inconsistency should be removed.

For that reason we would suggest to continue with QIS-reporting (template and specification according to Instructions for Basel III implementation monitoring, reporting template version 2.3.x., REVISED - 4 April 2012 - on solo-level and group-level) and to switch to the new template and final legal instructions 6 months after publication. This would help the Austrian banking industry to implement the template appropriately with the necessary technical cross-checks.

Concerning the EBA-template itself it has to be stated, that in a first step credit institutions only should be reported on solo-level. The consolidated perspective should follow in a second step. This stepwise approach would guarantee accuracy and consistency in the implementation of the new system.

Q2: Do respondents agree with this proposal for defining significant currency?

This definition is sensible for us.

Q3: Is the proposed remittance period of 15 days feasible?

We propose to change from calendar days to bank business days instead. In addition we would like to point out that a remittance period of 15 business days is only feasible for a mostly automatic calculation, even more if the reporting has to be done on single entity level, too. Moreover we would like to state that within a period of 15 days a reconciliation with the general ledger data is not possible.

A second data delivery with "audited figures" is not supported.

Q4: Are there additional sub-categories on inflows and outflows that are consistent with the specification of the liquidity coverage requirement in the CRR and would inform policy options that should be included in the template and accordingly reported?

Re Outflows:

The section for other contingent funding is missing in the new template. Moreover we wonder whether uncommitted lines, guarantees, letters of credit etc. shall be reported under outflows from credit and liquidity facilities.

Re Inflows:

The category "other inflows" would be helpful to report inflows that do not fit into any specific category.

In general it has to be mentioned that the sub-categories are already very detailed.

Q5: For the purpose of providing guidance as to transferrable securities of high and extremely high credit and liquidity quality, what additional assets, if any, should the ITS collect?

Given the current crises, the definition of high liquid assets should be amended/aligned and should reflect assets which can be used even in times of stress, in particular for corporate bond refinancing, e.g. including securitised products, bonds issued by financial institutions, self-issued bonds, bonds issued by another entity of the group, central bank's credit facilities, and equities. Particular attention should be paid to the treatment of certain asset classes like sight assets or run off factors of corporate deposits which may be too restrictive to a certain extent.

Hence, we propose to collect at least all assets that are required in the current QIS template including the additional EBA part. In our view it makes sense to collect a broader band of assets during the observation period. All central bank eligible assets should be considered in the data collection. Therefore especially high quality loans such as credit claims should be added to the HLA. It should be made clear that qualifying liquid assets in the trading book are part of HLA. After all, they could be accessed in a liquidity crisis the same way than any other HLA in the banking book.

Moreover there is need for some clarification: Some bank's subsidiaries have to hold significant amounts of liquid assets for liquidity requirements imposed by the respective local regulator within the EU. If these local regulations will be replaced by the CRR in 2015, it should be clarified, if it is correct to include them already as liquid assets into the LCR calculation on group level.

Furthermore a separate section for jurisdictions with insufficient liquid assets should be added.

Q6: Do respondents agree that the template captures the requirement of the draft CRR on reporting of stable funding?

A separate reporting of operational deposits is missing. Furthermore, some references in the template do not fit to the related instructions (like in category 1.2.2 AFS and in category 1.7.3 RSF).

Yours sincerely,

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