



*European Association of Co-operative Banks
Groupement Européen des Banques Coopératives
Europäische Vereinigung der Genossenschaftsbanken*



European Banking Authority
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VH/LD/B02/12-140

EBA CP 2012-06: Consultation paper on Draft Implementing Technical Standards on Supervisory Reporting Requirements for Leverage Ratio

Dear Sir, Madam,

The European Association of Co-operative Banks (EACB) appreciates and supports EBA in its efforts to draft the necessary technical standards relating to the CRD IV – CRR I. We welcome the opportunity to provide comments to EBA/CP/2012/06: Consultation paper on Draft Implementing Technical Standards on Supervisory Reporting Requirements for Leverage Ratio. We also believe that a new EBA consultation on leverage reporting could be useful after the final text of the CRD-CRR. While we will not send a full position paper on this consultation, we will however take this opportunity to express our main concern relating to the reporting requirements for the leverage ratio.

We appreciate the option given to competent authorities of Member States to allow the leverage ratio calculation based on the end of quarter data until 31 December 2017 (CRR Art. 475(3)) rather than requiring institutions to calculate it as the simple arithmetic mean of monthly data over the quarter. The EBA consultation document rightly recognizes this option. However, we believe that, for the phase-in period and until EBA issues the report on the impact and effectiveness of the leverage ratio, the calculation should be made based on end of quarter data for all the European institutions, regardless whether competent authorities choose to exercise this option or not. Moreover, we support end-quarter figures as a permanent option, not only during the transitional phase.

The calculation of a leverage ratio based on monthly ratios over a quarter will be an extremely heavy operation and will be costly both in terms of financial resources and of internal resources for banks at a consolidated and solo level. A calculation on a monthly consolidated and solo basis would entail disproportionate costs. At the same time, the added value of a monthly calculation remains doubtful as the leverage ratio is relatively stable.

The reporting for leverage ratio is being implemented on very short notice, considering the fact that LR rules in CRR and ITS are not finalized yet. We recommend EBA explicitly conceding an adequate period of transition without any sanctions or similar actions to allow

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reasonable time delay that will take into account the important changes which are required as well as the necessary adaptations of the IT systems.

In addition we believe that there are some missing lines in the LR template:

- "central institutions" minimum reserves to the ECB or to another central bank of a Member State should be monitored separately and therefore should be reported on a separate line in the LR reporting template. These reserves do not have the same characteristics as other lines in the LR template.
- group-internal exposures (article 108.6 CRR) or exposures to counterparties which are part of the same institutional protection scheme according to article 108.7 CRR should be reported separately
- exposures according to article 416 (4) should be reported separately and evaluated to show that the method proposed is not too burdensome and time consuming and allow for a possible transitional arrangement.

We remain at your disposal for any further questions or requests for information.

Yours sincerely,

Hervé Guider

General Manager

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Head of Legal Department

The **European Association of Co-operative Banks** (EACB) is the voice of the co-operative banks in Europe. It represents, promotes and defends the common interests of its 28 member institutions and of co-operative banks in general. Co-operative banks form decentralised networks which are subject to banking as well as co-operative legislation. Democracy, transparency and proximity are the three key characteristics of the co-operative banks' business model. With 4.000 locally operating banks and 63.000 outlets co-operative banks are widely represented throughout the enlarged European Union, playing a major role in the financial and economic system. They have a long tradition in serving 176 million customers, mainly consumers, retailers and communities. The co-operative banks in Europe represent 50 million members and 750.000 employees and have a total average market share of about 20%.

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