



European Banking Authority
EBA-CP-2013-03@eba.europa.eu

Brussels, 13 May 2013
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EACB response to EBA Consultation on the Data Point Model for Liquidity Coverage and Stable Funding (Ref: EBA/CP/2013/04)

Dear Sir or Madam,

The European Association of Co-operative Banks (EACB) welcomes the opportunity to comment on the EBA consultative document on the Data Point Model related to the Technical Standards on Supervisory Reporting Requirements for Liquidity Coverage and Stable Funding. By means of this letter we would like to put forward our views and concerns with regard to the data point model on liquidity.

General Remarks

The elaboration of the data-point model is welcome as in the longer run it may facilitate the fulfilment of the reporting requirements for market participants. However, in the short term it is not clear what will the impact on the small institutions be as they do not use the XBRL for reporting purposes today.

We feel that the different accounting frameworks used by the institutions do not contribute to the efficient functioning of the DPM. It is not clear how the model can treat differences and changes in the national accounting frameworks.

Moreover, the model in its present form might not avoid duplications, as far as the contents of the data-points are concerned.

DPM items

It is very difficult to comment on almost 28400 cells. Seemingly, data-points are defined for each cells in the templates. However, the descriptions of the lines in the templates, dimensions and domains are too brief. Without further explanations they are not adequate for developing the IT support. Additional how-to clarifications with regard to populating these reporting templates are highly important for IT systems and highly needed. Moreover, it should be clarified who will give a guidance to market participants: the EBA or the national authorities.



While the deadline for the enforcement of these reporting is coming quickly, at this stage the DPM is not taking into account some key issues regarding the softening proposed by the Basel Committee in the Document of 6 January 2013 and reflected already in the text of the CRR adopted by the European Parliament. Moreover, the CRR has somewhat increased the number of observable items. The current templates are not based on the final text of the Capital Requirements Regulation thus they do not reflect all the concepts. Therefore several new data points should be added to the DPM. Nevertheless, it is not clear how they will be structured in the DPM and how further changes can be introduced, if necessary. In this respect we note:

- The standards should include the “legal or statutory minimum deposits with the central credit institution and other statutory or contractually available liquid funding from the central credit institution or institutions that are members of the network referred to in Article 108(7), or eligible for the waiver provided in Article 9, to the extent that this funding is not collateralised by liquid assets” according to article 404(1)(db)
- The standards should include the “standby credit facilities granted by central banks within the scope of monetary policy to the extent that these facilities are not collateralised by liquid assets and excluding emergency liquidity assistance” according to article 404(1)(da)
- When introducing a new liquidity category for retail deposits in accordance with Article 481 it should be clarified which Member States (or DGS) would qualify for the treatment due to the fulfillment of the BIS requirements for the DGS concerned.
- Recital (75) requires from EBA to assess the appropriateness of the 60% minimum limit on the level 1 assets in the BIS terms. In order to properly make distinction between the 3 categories of liquid assets the potential categories should be clearly presented in the liquid assets templates. In this regard, it is not known how the preferential risk weights are treated, especially those related to sovereigns (e.g. the 0% risk weighting for all securities issued or guaranteed by a Member State, provided that they are denominated in the currencies of any other Member State.)
- Assets which are central bank eligible, but otherwise do not meet the requirements of liquid assets, should also be separately observed and reported.
- Article 481 of the CRR text provides that more information should be collected on intra—group flows, even if they do not qualify for preferential treatment. This is essential in order to define the intra-group flows subject to preferential treatment. More information would also be necessary with regard to the inflows-outflows related to credit and liquidity facilities, among them on the intra-group ones.
- LCR and NSFR reporting should reveal separately the size of the minimum reserves and from these reserve the part which could be withdrawn in the times of stress as in Article 404 (1) (a) of CRR text. The part that can be withdrawn in times of stress depends on the common understanding of the competent authority and the central bank of a Member State. Therefore, there the part included in liquid assets may differ with each Member State.



Validation rules

As far as the validation rules are concerned, we find most of them to be quite simple. Controls set-up are mainly intra-reporting. It would be appreciated, if more rules were defined, with special regard to the relations with other templates and to develop inter-reporting controls (for instance quarterly between COREP and LCR). The definition of validation rules might appear unclear. The standard used (IFRS or national accounting standards) for moving from balance sheet data to DPM data is not readily apparent. Generally, it seems that there is no clear approach for institutions following national accounting standards.

Additionally, for ease of use, the validation rules should be in the same document and on the same excel worksheet and should work automatically.

First application

Assuming that the CRR will be published in the OJ before 30th June and its application will start from the 1st January 2014, we are concerned that time will be very short from the release of the final ITS for the reporting and the remittance of the first liquidity reports.

The common liquidity reports will be an additional burden on institutions, as the already existing national liquidity reporting systems will remain in force. To facilitate the transition, the first common reports on the CRR liquidity requirements should not be applied before March 31, 2014.

Moreover, at least in the initial phase, the remittance date should not be less than D+30.

I thank you for your attention and remain at your disposal for any further questions or requests for information.

Yours sincerely,

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