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EBA

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Discussion Paper on Defining Liquid Assets in the LCR under the draft CRR

Overall we support the view of the European Banking Federation, EBF, regarding the methods of identifying liquid assets in LCR (see enclosure 1). In particular, we want to stress the fact that the model proposed by EBA is too complex and that many of the characteristics and metrics are hard to find and difficult to operate. The EEA centric view is also something that we find hard to handle.

We also would like to comment on the treatment of covered bonds in the Discussion Paper.

The idea of having certain explanatory characteristics for each asset class may lead to problem with the ranking of comparable assets in different asset classes. In the description of these characteristics we strongly question the treatment of covered bonds compared to RMBS's. There are huge requirements on assessing covered bonds while the requirements to assess RMBS are meager. This difference is hard to understand. Overall it seems that this type of assessment of securities within each asset class must lead to a lot of different unclear judgments. Furthermore, we cannot find any explanation how a possible unjust judgment will be handled. If this kind of model should be practical to handle and result in fair judgments we believe that it is important that all explanatory factors are comparable. This is especially true between comparable assets in different asset classes.

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