

EBA FINAL draft implementing technical standards

on additional liquidity monitoring metrics under Article 415(3)(b)
of Regulation (EU) No 575/2013



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1. Executive summary

The Capital Requirements Regulation (EU) No 575/2013 (CRR) mandates in Article 415(3)(b) the EBA to develop draft implementing technical standards (ITS) to specify additional liquidity monitoring metrics required to allow competent authorities to obtain a comprehensive view of an institution's liquidity risk profile, proportionate to the nature, scale and complexity of its activities.

Main features of the ITS

This draft ITS contains the EBA's updated proposal in relation to supervisory reporting of additional monitoring metrics for liquidity. In defining this ITS, the EBA followed the approach developed by the Basel Committee on Banking Supervision (BCBS).

The EBA's proposed metrics to be covered by this ITS include the following:

- A maturity ladder (template and instructions). This comprises one contractual maturity mismatch template put forward by the BCBS text and provides insight into the extent to which a bank relies on maturity transformation under its current contracts. It includes time buckets for up to 10 years.
- Some additional monitoring tools (templates and instructions) relating to:
 - Concentration of funding by counterparty: this is similar to the concentration of funding metric put forward by the BCBS, and it allows the identification of those sources of wholesale and retail funding of such significance that their withdrawal could trigger liquidity problems. It is proposed that institutions report the top 10 largest counterparties from which funding obtained exceeds a threshold of 1% of total liabilities, together with information on the counterparty name, counterparty type and location, product type, currency, amount received, weighted average and residual maturity.
 - Concentration of funding by product type: this seeks to collect information about the institution's concentration of funding by product type, broken down into different funding types relating to retail and wholesale funding. It is proposed that institutions report the total amount of funding received from each product category when it exceeds a threshold of 1% of total liabilities.
 - Concentration of counterbalancing capacity by issuer/counterparty: this seeks to collect information about the reporting institutions' concentration of counterbalancing capacity by the 10 largest holdings of assets or liquidity lines granted to the institution for this purpose.
 - Prices for various lengths of funding: this seeks to collect information about the average transaction volume and prices paid by institutions for funding with different maturities ranging from overnight to 10 years.

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- Rollover of funding: this seeks to collect information about the volume of funds maturing and new funding obtained, i.e. 'rollover of funding', on a daily basis over a monthly time horizon.

2. Background and rationale

On 27 June 2013, the Capital Requirements Directive No 2013/36/EU (CRD IV) and Capital Requirements Regulation (EU) No 575/2013 (CRR) that seek to apply the Basel III framework in the EU were published in the European Union's Official Journal. They have recast the contents of the previous Capital Requirements Directive (CRD) and are together colloquially referred to as CRD IV/CRR.

The nature of ITS under EU law

The present draft ITS are produced in accordance with Article 15 of the EBA regulation ⁽¹⁾. Paragraph 4 of that same article provides that ITS shall be adopted by means of an EU regulation or decision.

Pursuant 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 implementation into national law is not only unnecessary but also prohibited by EU law, except in so far 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 requirements and will ease the cross-border provision of services; currently, an institution that wishes to take up operations in another Member State has to apply different sets of rules.

Background and regulatory approach followed in the draft ITS

In January 2013, the BCBS published its revised text on the liquidity coverage ratio (LCR) and liquidity risk monitoring tools. These monitoring tools, together with the LCR standard, provide the cornerstone of information that aids supervisors in assessing the liquidity risk of an institution, because they can help competent authorities identify potential liquidity difficulties signalled through a negative trend in the metrics or through an absolute result of the metrics.

The CRR provisions relating to liquidity reporting translate these BCBS proposals into EU law. Thus, in addition to the LCR, institutions will have to report to their competent authorities information relating to additional metrics. In this context, the CRR also provides, in Article 415(3)(b), that the EBA shall develop draft ITS to specify the additional liquidity monitoring metrics required to allow competent authorities to obtain a comprehensive view of an institution's liquidity risk profile, proportionate to the nature, scale and complexity of its activities.

This draft ITS contains the EBA's proposal in relation to supervisory reporting of additional monitoring metrics for liquidity. In defining its proposal, the EBA followed the approach developed by the BCBS.

⁽¹⁾ Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision No 2009/78/EC.

The EBA's proposed metrics to be covered by this ITS include the following:

- a maturity ladder (template and instructions);
- some additional monitoring tools (templates and instructions) relating to:
 - concentration of funding by counterparty
 - concentration of funding by product type
 - concentration of counterbalancing capacity by issuer/counterparty
 - prices for various lengths of funding
 - rollover of funding.

The metric relating to the maturity ladder is similar to the contractual maturity mismatch put forward by the BCBS text. The template developed in the ITS is designed to show the maturity mismatch of an institution's balance-sheet, and, as such, is referred to as the 'maturity ladder'. These maturity mismatches indicate how much liquidity a bank would potentially need to raise in each of various time bands if all outflows occurred at the earliest possible date. This metric provides an insight into the extent to which the bank relies on maturity transformation under its current contracts. The maturity ladder forms part of the package of 'monitoring tools' which the EBA has designed.

The maturity ladder is a monitoring tool which comprises a template for contractual flows. These flows result from legally binding agreements and should be reported in accordance with the provisions of these agreements.

The maturity of the outflows and inflows to be reported range from overnight up to greater than 10 years.

The metrics relating to the additional monitoring tools are designed to monitor an institution's liquidity risk that falls outside the scope of the reports on liquidity coverage and stable funding.

The template on concentration of funding by counterparty, similar to the concentration of funding metric put forward by the BCBS text, allows the identification of those sources of wholesale and retail funding of such significance that their withdrawal could trigger liquidity problems. Excessive reliance on individual counterparties could lead to the crystallisation of liquidity risk if the funding relationship were to cease during a stress scenario. It is, therefore, important to provide templates for reporting on these items in order to help institutions to identify these risks early and seek funding from a wide range of counterparties.

For the purpose of this ITS, it is proposed that institutions are required to report the top 10 largest counterparties from which funding obtained exceeds a threshold of 1% of total liabilities, together with information on the counterparty name, counterparty type and location, product type, currency, amount received, weighted average and residual maturity.

The template on funding by product type seeks to collect information about the institution's concentration of funding by product type, broken down into different funding types relating to retail and wholesale funding. Excessive reliance on specific product types could lead to the crystallisation of

liquidity risk, were the specific product types proven to be subject to high outflows during a stress scenario. It is, therefore, important to provide templates for reporting on these items in order to help institutions to identify these risks early and seek funding from a wide range of product types.

For the purpose of completing the ITS templates, it is proposed that institutions report the total amount of funding received from each product category when it exceeds a threshold of 1% of total liabilities.

Following the result of the consultation, the EBA also included in the additional monitoring tools a template on concentration of counterbalancing capacity by issuer/counterparty. This seeks to collect information about the reporting institutions' concentration of counterbalancing capacity by the 10 largest holdings of assets or liquidity lines granted to each institution for this purpose.

The template on prices for various lengths of funding seeks to collect information about the average transaction volume and prices paid by institutions for funding with different maturities ranging from overnight to 10 years.

Finally, the template on the rollover of funding seeks to collect information about the volume of funds maturing and new funding obtained, i.e. 'rollover of funding', on a daily basis over a monthly time horizon.

As a reminder, please note that Article 415(2) of the draft CRR stipulates that an institution shall report separately to the competent authorities of the home Member State the items subject to liquidity risk reporting in a currency different from the reporting currency when it has (i) aggregate liabilities in that currency, different from the single currency used for reporting, amounting to or exceeding 5% of the institution's or the single liquidity sub-group's total liabilities, or (ii) a significant branch, as defined in Article 52 CRD, in a host Member State using a currency different from the reporting currency.

The present ITS have been developed to provide competent authorities with harmonised information on institutions' liquidity risk profile, taking into account the nature, scale and complexity of institutions' activities. As the ITS on additional liquidity monitoring metrics will become part of the general supervisory reporting framework requirements, following the introduction of liquidity requirements, formats have been developed with the aim of ensuring consistency where allowed by the CRR proposed text.

Scope/level of application and frequency

The scope and level of application of these ITS seek to be consistent with the scope and level of application of the CRR and of the prudential reporting requirements (COREP), i.e. it applies:

- on a consolidated basis (Article 11(3) CRR): to EU parent credit institutions and investment firms and to credit institutions and investment firms controlled by an EU parent financial holding company or by an EU parent mixed financial holding company;
- on an individual basis (Article 6(4) CRR): to all credit institutions and investment firms that are authorised to provide the investment services listed in points 3 and 6 of section A of Annex I to Directive No 2004/39/EC. However, in accordance with Article 8(1) CRR, competent authorities will be allowed to waive in full or in part the application of Part Six of the CRR ('Liquidity requirements') to an

institution, and to all or some of its subsidiaries, if it fulfils a set a predefined conditions, including if the parent institution complies on a consolidated basis with the obligations laid down in Part Six.

Reporting frequency will be monthly for all monitoring metrics. Under specific clear and factual criteria, duly framed in the ITS, proportionate to the nature, scale and complexity of an institution's activities, reporting frequency can be reduced to quarterly. These specific criteria relate to the existence of cross-border activities, the size of the institution's balance-sheet and the amount of total assets. It shall be noted that Article 104 CRD, relating to supervisory powers, allows competent authorities to impose additional or more frequent reporting requirements, including reporting on liquidity positions.

Timing of ITS development and application date

Considering that the EBA has consulted on this reporting for additional metrics at a later stage than for the other reporting requirements and that the data point model relating to the reporting on additional monitoring metrics was not yet available when first finalising this ITS in December 2013, the EBA considers it appropriate to defer the application date of the ITS on additional monitoring metrics until after the application dates of other reporting requirements (in particular the reporting requirements for liquidity coverage and stable funding). The proposed application date is 1 July 2015

Pursuant to the CRR, the EBA is expected to submit these ITS to the European Commission (EC) by 1 January 2014.

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3. EBA FINAL draft implementing technical standards on additional liquidity monitoring metrics under Article 415(3)(b) of Regulation (EU) No 575/2013



EUROPEAN
COMMISSION

Brussels, **XXX**
[...](2013) **XXX** draft

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

of **XXX**

COMMISSION IMPLEMENTING REGULATION (EU) No .../...
amending Commission Implementing Regulation (EU) No. 680/2014 laying down
implementing technical standards with regard to supervisory reporting of institutions
according to Regulation (EU) No 575/2013 of the European Parliament and of the
Council

(Text with EEA relevance)

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

of XXX

**COMMISSION IMPLEMENTING REGULATION (EU) No .../...
amending Commission Implementing Regulation (EU) No. 680/2014 laying down
implementing technical standards with regard to supervisory reporting of institutions
according to Regulation (EU) No 575/2013 of the European Parliament and of the
Council**

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,
Having regard to Regulation (EU) No 575/2013 of the European Parliament and of the
Council of 26 June 2013 on prudential requirements for credit institutions and investment
firms and amending Regulation (EU) No 648/2012², and in particular to Article 415(3)(b)
thereof,

Whereas:

- (1) Reporting for additional metrics relating to liquidity should comprise: (i) a maturity ladder, because this is what would allow the maturity mismatch of an institution's balance sheet to be captured; (ii) metrics based on the concentration of funding by counterparty and product type, because these metrics identify counterparties and instruments that are of such relevance that withdrawal of funds or declining market liquidity could trigger liquidity problems; (iii) metrics based on the concentration of counterbalancing capacity by issuer/counterparty because these metrics allow collecting information about the reporting institutions' concentration by the ten largest holdings of assets or liquidity lines granted to the institution; (iv) metrics based on the prices for various lengths of funding and the rollover of funding because such information will become valuable over time as supervisors would be made aware of changes in funding spreads, volumes and tenors.
- (2) Reporting for additional metrics relating to liquidity is to be used by competent authorities as part of their supervisory review and evaluation process, as well as within colleges of supervisors and as an early warning tool for day to day supervision.
- (3) Articles 6 to 10 of Regulation (EU) No 575/2013 specify the level of application of the liquidity coverage, the level and scope of the reporting of that liquidity coverage and that the additional monitoring metrics should be aligned with those levels of application and reporting, therefore the reporting on these additional monitoring metrics should be required only at the level of consolidation at which reporting on liquidity coverage is required according to Article 415(3)(a).

² OJ L 176, 27.6.2013, p. 1.

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- (4) This Regulation is based on the draft implementing technical standards submitted by the European Banking Authority to the Commission.
 - (5) The 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 of the European Parliament and of the Council³.
 - (6) Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014⁴ should be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EU) No 680/2014 is hereby amended as follows:

1. In Article 1, the following letter (g) is inserted:
'(g) Additional monitoring metrics in accordance with Article 415(3)(b) of Regulation (EU) No 575/2013.'
2. The following Chapter is inserted:

‘CHAPTER 7B

Format and frequency of reporting on additional liquidity monitoring metrics on an individual and consolidated basis

Article 16b

1. In order to report information on additional liquidity monitoring metrics according to Article 415(3)(b) of Regulation (EU) No 575/2013 on an individual and consolidated basis, institutions shall submit all of the following information with a monthly frequency:

- (a) the information specified in Annex XVIII according to the instructions in Annex XIX;
- (b) the information specified in Annex XX according to the instructions in Annex XXI;
- (c) the information specified in Annex XXII according to the instructions in Annex XXIII.

2. As an exception to paragraph 1, institutions may report the information described therein with a quarterly reporting frequency where all of the following requirements are met:

- (a) the institution does not form part of a group with subsidiaries or parent institutions located in jurisdictions other than the one of its competent authority;

³ Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12).

⁴ Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (OJ L 191, 28.6.2014, p. 1)).

(b) the ratio of the individual balance sheet total of the institution to the sum of individual balance sheet totals of all institutions in the respective Member State is below 1%, for two consecutive years preceding the year of reporting. Balance sheet total figures for calculating the ratio shall be based on year-end audited figures for the year before the year preceding the reporting reference date;

(c) the institution has total assets, calculated in accordance with Council Directive 86/635/EEC on the annual accounts and consolidated accounts of banks and other financial institutions⁵, of less than EUR 30 billion.’

3. The following paragraph is inserted in Article 18:

‘7a. For the period from 1 July 2015 to 31 December 2015, in derogation to point Article 3(1), lett. (a), the reporting remittance date relating to monthly reporting shall be the 30th calendar day after the reporting reference date.’

4. The annex set out in Annex I is inserted as Annex XVIII.

5. The annex set out in Annex II is inserted as Annex XIX.

6. The annex set out in Annex III is inserted as Annex XX.

7. The annex set out in Annex IV is inserted as Annex XXI.

8. The annex set out in Annex V is inserted as Annex XXII.

9. The annex set out in Annex VI is inserted as Annex XXIII.

Article 2

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

It shall apply from 1 July 2015.

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 OJ L 372, 31.12.1986, p. 1. Directive as last amended by Directive 2006/46/EC (OJ L 224, 16.08.2006, p. 1) on the annual accounts of certain types of companies, 83/349/EEC on consolidated accounts, 86/635/EEC on the annual accounts and consolidated accounts of banks and other financial institutions and 91/674/EEC on the annual accounts and consolidated accounts of insurance undertakings.

[ANNEX I]

[Maturity ladder templates - see separate document]

[ANNEX II]

[Maturity ladder instructions - see separate document]

[ANNEX III]

[Additional monitoring tools templates - see separate document]

[ANNEX IV]

[Additional monitoring tools instructions - see separate document]

[ANNEX V]

[Concentration of counterbalancing capacity templates - see separate document]

[ANNEX VI]

[Concentration in the counterbalancing capacity instructions - see separate document]

4. Accompanying documents

4.1 Draft cost–benefit analysis/impact assessment

Article 15 (1) of the EBA Regulation (Regulation (EU) No 1093/2010 of the European Parliament and of the Council) provides that when any draft implementing technical standards developed by the EBA are submitted to the Commission for adoption, they should be accompanied by an analysis of ‘the potential related costs and benefits’. This analysis should provide an overview of the findings regarding the problem to be dealt with, the solutions proposed and the potential impact of these options.

This note outlines the assessment of the impacts on credit institutions and supervisory authorities arising from the methodology proposed for fulfilling the reporting requirements presented in Article 415(3)(b) CRR, relating to additional liquidity monitoring metrics, required to allow competent authorities to obtain a comprehensive view of an institution’s liquidity risk profile, proportionate to the nature, scale and complexity of its activities.

Scope and nature of the problem

Issues addressed by the European Commission (EC) regarding the reporting of liquidity coverage and stable funding

Liquidity stresses are events of low frequency but extreme severity that are difficult to predict. Previous reporting requirements did not always provide national competent authorities (NCAs) with sufficient, timely and comparable information allowing them to judge accurately the soundness of the liquidity management practices of the institutions they regulate.

At the European level, NCAs also use a wide range of quantitative measures to monitor the liquidity risk profiles of banking organisations⁽⁶⁾. In its impact assessment of the CRD IV framework, the Commission highlighted that this fragmentation of supervisory reporting practices:

- hampers effective communication and cooperation between competent supervisory authorities, putting financial stability and depositor protection at risk, particularly in stressed circumstances, when coordination between national competent authorities is necessary;
- imposes additional reporting costs on cross-border institutions, because of different sets of requirements that apply at consolidated and subsidiary levels.

To address all these issues, the CRR mandated the harmonisation of reporting practices for liquidity coverage and stable funding.

Issues addressed by the ITS

⁽⁶⁾ A survey of Basel Committee members conducted in early 2009 identified more than 25 different measures and concepts used globally by supervisors.

The CRR mandated the development of additional monitoring metrics that would complement reporting required to assist compliance with the liquidity coverage and the stable funding requirements, following the recommendations of the BCBS. This set of common metrics should allow NCAs to identify possible sources of funding pressures early, to compare data between institutions and to cooperate more effectively on issues regarding cross-border institutions.

This ITS will prescribe metrics and detailed standards of reporting to ensure that the data collected by NCAs are consistent and reliable enough to facilitate an assessment of the liquidity position of institutions at various points in time.

Objectives of the ITS

The ITS specifies the information that institutions should report. The requirements proposed in this ITS aim to achieve the two following objectives:

- to ensure that the content of liquidity reporting and format are as uniform as possible, in order to allow meaningful comparisons among institutions;
- to provide sufficient granularity in reporting liquidity for NCAs to have an overview of enough elements to assess the liquidity position of the reporting institutions.

Technical option proposed

The ITS examined three alternative options for achieving the aforementioned objectives:

- the 'do nothing' option;
- the adoption of the pertinent BCBS framework altogether (full adoption);
- the use of the pertinent BCBS framework as the main reference, adjusting it to EU needs and reality (partial adoption).

The 'do nothing' option is considered to be incapable of achieving harmonisation among the jurisdictions, as it will allow the continuation of heterogeneous formats in liquidity reporting and would make comparison among institutions difficult if not impossible.

Regarding the second option, the BCBS has conducted extensive work on setting the framework for reporting on liquidity. However, the EU has different reporting needs from BCBS countries and these have to be addressed in the current ITS. In addition, the metrics from the BCBS framework need to be specified before they could be implemented

In the end, the ITS has adapted the following high-level principles for the reasons mentioned below:

The reporting templates and requirements proposed in this ITS follow the principles developed by the BCBS ⁽⁷⁾. The list of monitoring tools established by the BCBS has been adapted to fit the requirements of the CRD as follows:

- ▶ Maturity ladder: in this template, maturity mismatches have to be reported to give an indication of how much liquidity an institution would potentially need to raise in each of the different time bands if all outflows occurred at the earliest possible date.
- ▶ Four other templates have been developed to capture elements of liquidity risk specific to the institution and to help in the early identification of sources of potential liquidity problems:
 - concentration of funding by counterparty: institutions have to report to NCAs the top 10 largest counterparties from which funding obtained exceeds a threshold of 1% of total liabilities, together with some details on the counterparties;
 - funding by product type: institutions have to report to NCAs the total amount of funding received from each product category that exceeds a threshold of 1% of total liabilities, together with some details on the products;
 - concentration of counterbalancing capacity by issuer/counterparty: institutions have to report to NCAs information about the concentration of counterbalancing capacity by the 10 largest holdings of assets or liquidity lines granted to each institution for this purpose;
 - prices for various lengths of funding: institutions have to report to NCAs information about the average transaction volume and prices paid for funding with specific maturities;
 - rollover of funding: institutions have to report to NCAs information about the volume of funds maturing and new funding obtained, i.e. 'rollover of funding', on a daily basis over a monthly time horizon.

Impact of the proposals

Benefits

The templates proposed in this ITS will provide NCAs with a richer set of information regarding the liquidity position of an institution. This additional information should enable them to make better and earlier assessments of potential liquidity risks, thereby improving the effectiveness of supervision. The magnitude of the benefit in relation to the total operational cost of the banks is estimated to be medium (from a choice of 'negligible', 'low', 'medium' or 'high')

Costs

The main costs for institutions will largely relate to changes in systems and processes and to hiring new staff to facilitate the production of the required reporting templates. The costs will be driven by the size and complexity of the balance-sheet and of the activities undertaken by institutions. The assumption is, thus, that for smaller institutions with fewer resources the production of the reports will be comparatively less difficult than for institutions that are more complex. Because the costs of implementing the ITS would be proportionally the same for small and large institutions (lower costs for

⁽⁷⁾ See [Basel III: International framework for liquidity risk measurement, standards and monitoring](#) (December 2010).

small credit institutions, higher costs for large institutions), none of the institutions should be excluded by the proposed ITS. See table 1 for a summary of the costs and benefits of the proposals.

Table 1: Summary of the costs and benefits of the proposals

Requirement	Party affected	Compliance costs	Benefits
Maturity ladder	Institutions	<p>One-off: A1. Data collection, record keeping and monitoring systems: <i>limited impact</i> A2. IT infrastructure: <i>limited impact</i> A3. Staff costs: <i>low impact</i></p> <p>Ongoing: B1. Data collection, record keeping and monitoring systems: <i>low impact</i> B2. IT infrastructure: <i>low impact</i> B3. Staff costs: <i>low impact</i></p> <p>Explanation: the data required should already be available in treasury systems. The definitions of cells have been aligned with those for liquidity coverage reporting to the largest extent possible.</p>	Liquidity risk reporting is currently done in a heterogeneous fashion throughout the Union, based on standards that were developed purely domestically. The uniform reporting formats are expected to reduce compliance costs of cross-border institutions significantly.
	Competent authorities	<p>One-off: A1. IT infrastructure: <i>low (marginal) impact</i> A2. Record keeping and monitoring systems: <i>low (marginal) impact</i> A3. Staff costs: <i>low (marginal) impact</i>.</p> <p>Ongoing: B1. IT infrastructure: <i>low (marginal) impact</i> B2. Record keeping and monitoring systems: <i>low (marginal) impact</i> B3. Staff costs: <i>low (marginal) impact</i></p> <p>Explanation: the order of magnitude of the cost impact also depends to what extent data submission and storage facilities to be established for COREP/FINREP (Financial Reporting Framework) can be used.</p>	Competent authorities will receive information that enables them to assess the liquidity risk profile in a comprehensive way. The liquidity coverage as well as net stable funding reporting requirements will only cover certain time horizons (30 days and 1 year); the additional monitoring metrics are designed to complement this view. In addition, as the metrics will be designed in a uniform European fashion, they are expected to be highly useful tools to facilitate discussion in colleges and joint decisions.
Concentration of funding by counterparty	Credit intermediaries	Low (this information should already be available)	These templates were designed to reveal elements of liquidity risk specific to the institution and detect sources of potential liquidity problems early.
	Supervisory authorities	Medium	
Funding by product type	Credit intermediaries	Low (this information should already be available)	
	Supervisory authorities	Medium	
Prices for various lengths of funding	Credit intermediaries	Low (this information should already be available)	
	Supervisory authorities	Medium	
Rollover of funding	Credit intermediaries	Low (this information should already be available)	
	Supervisory authorities	Medium	

The net impact (benefits and costs) of implementing the ITS would be medium.

4.2 Views of the Banking Stakeholder Group (BSG)

The BSG expressed support for an initiative that aims to harmonise computation and reporting of liquidity metrics across Europe in order to ensure fair conditions of competition between institutions and more efficiency for cross-border groups. The BSG also expects these initiatives (including, most significantly, the one on additional liquidity monitoring metrics) to facilitate data sharing between European supervisors and avoid reporting duplications for institutions. However, the BSG also expressed a number of concerns which, in its view, could lead to unintended results.

The BSG underlined that the proposed templates are very granular and detailed (most especially in the light of the fact that reports need to be filed separately for each individual institution and currency). The proposed level of granularity generates complexity both for the institutions in retrieving and cross-checking the required information and for supervisors in correctly interpreting the data. Institutions should be allowed sufficient time to implement these new reporting requirements, which come in addition to the required liquidity coverage and stable funding reports. Therefore, the additional liquidity monitoring metrics might be phased in at a later date than January 2014 (e.g. 6 months later).

The BSG argued that, even when information pertaining to liquidity coverage and stable funding requirements is filed locally, data flows aimed at additional liquidity monitoring metrics should, as a general rule, be performed only at the group level.

As regards the additional proposed template on concentrations in the counterbalancing capacity, arguments which could be developed against its inclusion relate mainly to the additional costs required to produce, validate and update the information included in the table. This notwithstanding, the template may add value to the information flows concerning additional liquidity metrics, since it may signal undue concentrations in the institutions' high-quality liquid assets, e.g. in the area of government securities.

4.3. Feedback on the public consultation and on the opinion of the BSG

The EBA publicly consulted on the draft proposal contained in this paper.

The consultation period lasted for 3 months and ended on 14 August 2013. Twenty-three responses were received; all of them were published on the EBA website.

The feedback statement below presents a summary of the main issues and comments arising from the consultation, the analysis and discussion triggered by those comments and the actions taken to address them, if deemed necessary.

In many cases, several industry bodies made similar comments or the same body repeated its comments in response to different questions. In such cases, the comments and the EBA's analysis are included in the section of this paper where the EBA considers them most appropriate.

As a result of the responses received during the public consultation, changes to the final draft ITS have been incorporated where feasible.

Summary of key issues and the EBA's response

The comments received from the industry focus on two main areas: remittance date, frequency and scope of the ITS on the one hand, and instructions and templates on the other hand.

Remittance, frequency and scope

In terms of scope of consolidation, several respondents criticised the proposed scope (both individual and consolidated) for being too burdensome. Diverse views were expressed. Some respondents considered that consolidated reports, especially in international groups, are difficult to obtain and do not reflect the liquidity risk of the consolidated groups. Other respondents considered that banking groups manage their liquidity on a consolidated basis and requiring individual reporting is too burdensome. These respondents consider that small entities belonging to a group should be exempted.

Regarding the timing of implementation, most of the respondents raised concerns about the implementation date and requested 'sufficient time' to implement the monitoring metrics. One respondent requested that the application date should be at least 6 months after the templates have been adopted by the Commission. Three respondents requested at least 1 year between the final publication of the ITS and the commencement of reporting. Another respondent requested a minimum period of at least 2 years. The rest of the responses suggested implementation dates that ranged from January 2015 to January 2016.

On phasing in, respondents considered that reporting should be introduced using a 'progressive approach'. Some suggested implementing a phase-in initially starting with the consolidated level reports and later moving to the individual ones. According to another respondent, a phased-in approach would help to ensure better data quality and more realistic remittance dates.

In terms of frequency of reporting, respondents argued for distinguishing between balance-sheet reports (that is, the maturity ladder) and other reports (other additional monitoring tools), with a lower frequency considered appropriate for the latter.

Regarding proportionality criteria, some respondents suggested complementing the relative threshold in the draft Consultation Paper (CP) with an absolute amount of EUR 50 billion. Only one respondent asked for a liquidity-risk-based threshold in cases where liquidity coverage requirements exceeded a minimum level, whereas other respondents considered risk-based indicators infeasible. Some respondents considered that the threshold for reporting should be aligned with other relevant thresholds established in the draft guidelines on disclosure of unencumbered assets under Article 443 of Regulation (EU) No 575/2013 or the Single Supervisory Mechanism (SSM)).

EBA response:

The CRR is clear with regard to the scope of Part Six of the CRR concerning liquidity on both a consolidated and an individual basis, as subject to waivers where the requirements are fulfilled. The requirement for additional monitoring metrics is contained in Part Six of the CRR, and the EBA is not allowed to modify that requirement. Competent authorities may grant some waivers for individual reporting.

The EBA acknowledges the need for sufficient implementation time and, owing to (i) the data point model not yet finalised in December 2013 and (ii) resources bound for the implementation of supervisory reporting on liquidity coverage requirements, the EBA proposes an application date of 1 July 2015.

Further, several proportionality criteria have been included in the draft ITS, in particular relating to the existence of cross-border activities, the size of the institution's balance-sheet and the amount of total assets.

Instructions and templates

Respondents mentioned several areas where templates and instructions are unclear and underlined a need for further alignment with the requirement for supervisory reporting on liquidity coverage.

In general, respondents found some added value in the template on concentration of counterbalancing capacity.

On the other hand, the vast majority of respondents believed that the behavioural maturity ladder was complicated and extremely unclear and that it would provide data that cannot be used for comparisons or aggregations. They also believed that the 'base case scenario' was not defined enough and that the horizon should not extend beyond three years. They argued for excluding this template from the additional monitoring metrics.

Respondents found the rollover of funding template unclear and did not see the benefits of reporting such information. Some suggested dropping it, while others asked for further clarification, especially with regard to the time perspective.

EBA response:

Amendments have been incorporated into the instructions and templates, which have been further aligned with the LCR terminology.

The behavioural maturity ladder has not been retained in the final draft ITS.

The template on concentration of counterbalancing capacity has been added to the list of additional monitoring tools and integrated into the templates and instructions.

The EBA deems it appropriate to keep the rollover of funding template.

In the CP, the EBA noted that it may consider increasing further the granularity of some of the proposed time buckets covering the period of the first 3 months. To address potential cliff effects arising from the original time buckets proposed in the CP, the EBA deems it prudent to extend reporting within the following time buckets: daily up to 1 week; weekly up to 5 weeks; 5 weeks up to 3 months. A further time bucket has also been incorporated for the 6- to 9-month time bucket to address what is perceived as a potential lack of information on maturity transformation during the period 6 months to 1 year.

Summary of responses to the consultation and the EBA's analysis

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<p>For consistency and clarity reasons, the answers to the consultation have been grouped in two blocks: 1, Remittance, Frequency, Scope; 2, Instructions & Tables. Questions relating to defined articles have been attached to the corresponding articles, which means that the order of the questions in this table does not always follow numerical order. Articles of the CRR are referenced as 'Article xx CRR', whereas articles referring to articles of the draft ITS are referred to only as 'Article xx'.</p>			
<p>1. Remittance, Frequency, Scope</p>			
<p>1.1. General comments on the articles</p>			
<p>Scope of consolidation</p>	<p>Several respondents criticised the proposed scope (both individual and consolidated) for being too burdensome. Some respondents considered that consolidated reports, especially in international groups, are difficult to obtain and do not reflect the liquidity risk of the consolidated groups. Other respondents considered that banking groups manage their liquidity on a consolidated basis and requiring individual reporting is too burdensome. These respondents consider that small entities belonging to a group should be exempted</p>	<p>The CRR is clear with regard to the scope of Part Six of the CRR concerning liquidity: it applies on both a consolidated and an individual basis, and it is subject to waivers where the requirements are fulfilled. The requirement for additional monitoring metrics is contained in Part Six of the CRR and the EBA is not allowed to modify that requirement.</p> <p>Granting of waivers for individual reporting is a decision for the competent authorities</p>	<p>No change</p>

Implementation date	<p>Most of the respondents raised concerns about the implementation date.</p> <p>Two respondents requested 'sufficient time' to implement the monitoring metrics, but they did not define what constituted sufficient time. One respondent requested that the application date be at least 6 months after the templates have been adopted by the Commission. Three respondents requested at least 1 year between the final publication of the ITS and the commencement of the reporting. Another respondent requested a minimum period of at least 2 years. The rest of the responses suggested different implementation dates ranging from January 2015 to January 2016</p>	The EBA acknowledges the need for sufficient implementation time	See implementation date in the final draft ITS
Phasing in	Some respondents considered that reporting should be introduced using a 'progressive approach'. Some suggested implementing a phase-in that started with the consolidated level reports and progressed later to the individual ones. According to another respondent, a phased-in approach would help to ensure better data quality and more realistic remittance dates. One respondent considered that the phase-in should start with the systemic entities, requiring monitoring metrics for the rest of the entities at a later stage	The EBA proposes to postpone the application date to 1 July 2015 and implement a delayed remittance frequency of 30 days during the first 6 months of application. The draft ITS also contain proportionality criteria which may reduce the frequency of reporting	See final draft ITS
Intended use of the report	Some respondents consider that the justification for additional data collection is rather vague. They request the EBA to explain the purpose of it and how the reported data will be used and to provide specific examples	Reports are to be used, inter alia, (i) for the supervisory review and evaluation process, (ii) for supervisory colleges and (iii) as an early warning tool for day-to-day supervision	A recital has been added to further explain the purpose of the ITS
Two types of reporting	<p>Some responses considered that there are two differentiated kinds of reporting proposed:</p> <ul style="list-style-type: none"> - balance-sheet-based reports which have an asset and liability management ALM nature 	The frequency of the reports will be adjusted where the proportionality criteria defined in the draft ITS are met	See proportionality criteria in the draft ITS

	<p>(maturity ladder);</p> <ul style="list-style-type: none"> - other reports supplied by treasuries (concentration of funding, rollover of funding, cost of funding). <p>These respondents point out that reporting frequency could be lowered on this basis</p>		
Europe as a single jurisdiction	<p>Three respondents recommend that the EBA make it clear that the EU should be considered as a single country and consequently:</p> <ul style="list-style-type: none"> • all European customers are considered 'resident' for a European institution; • transactions between entities that are located in two Member States are not considered cross-border transactions. <p>These respondents also requested that the SSM should be considered as a single authority (in order to calculate the threshold over total assets in the financial system)</p>	<p>Discriminating between resident and non-resident not only leads to definitional problems but also deviates substantially from risk categories established under LCR reporting. The EBA suggests eliminating this separate category, so that any uncertainty about the definition of 'non-resident' is removed.</p> <p>For the rest, Level 1 text definitions apply</p>	See amended templates
Currency breakdown	<p>Eight respondents raised concerns about the currency breakdown. Some of them asked the EBA to clarify if monitoring metrics should be presented with this breakdown. Other respondents requested the EBA not to present all the monitoring metrics under this breakdown</p>	<p>There is an economic need to capture funding risks in any significant currency (it is a question not only of mismatches but also of central bank access).</p> <p>The CRR itself requires reporting by significant currency, also for additional monitoring metrics.</p> <p>The 5% threshold included in Article 415 CRR in itself provides some proportionality</p>	
1.2. Responses to questions			
Question 1 Are the proposed	<p>Only two of the respondents agreed with the proposal for a 15-day remittance period. The rest of the respondents disagreed with the proposed remittance period. Several</p>	<p>The EBA proposes a 30-day remittance period for the first 6 months of application</p>	

<p>remittance dates feasible?</p>	<p>respondents expressed concerns about data quality within such a short remittance period.</p> <p>Three respondents requested that the remittance period for consolidated reports be longer than that for individual reports.</p> <p>Suggestions for a more appropriate remittance period ranged from 20 to 45 days</p>		
<p>Question 2 Are the proposed frequency dates feasible? Has proportionality been adequately considered?</p>	<p>Three respondents agreed with the proposed monthly frequency.</p> <p>The vast majority of the respondents disagreed with the proposal and asked for a lower frequency for all or some of the metrics.</p> <p>Some respondents asked for a lower frequency for templates other than the maturity ladder.</p> <p>A vast majority of respondents asked for a quarterly frequency for all the reports</p>	<p>The frequency of the reports will be adjusted where the proportionality criteria defined in the draft ITS are met</p>	<p>See final draft ITS</p>
<p>Question 3 Is the size threshold of 1% of total assets suitable to determine a higher reporting frequency? Should such threshold be substituted or complemented by a liquidity-risk-</p>	<p>A very few respondents agreed with the proposed threshold. Most respondents disagreed with the proposal and suggested higher thresholds.</p> <p>Several respondents requested that the SSM be considered as one competent authority.</p> <p>The suggested threshold ranged from 2% to 5%. Some respondents suggested complementing this relative threshold with an absolute size amount of EUR 50 billion. Only one respondent asked for a</p>	<p>No workable solution for a liquidity-risk-related threshold was presented by respondents.</p> <p>The EBA proposes to follow the suggestion made by respondents on the introduction of a EUR 30 billion threshold to align the framework with the ITS on asset encumbrance This should be seen within the context of other criteria originally proposed and maintained concerning the presence of cross-border institutions and the 1% threshold at the domestic level</p>	

<p>based threshold or other quantitative criteria? If so, by which?</p>	<p>liquidity-risk-based threshold (liquidity coverage requirements exceeding a minimum level), whereas other respondents considered risk-based indicators infeasible.</p> <p>One respondent considered that the threshold for reporting should be aligned with other relevant thresholds established in the regulation (such as asset encumbrance reporting or the SSM).</p> <p>One respondent asked that the criteria for exceptions to monthly reporting also consider the business model of the entity.</p> <p>The criterion of not being part of an international group is considered as too burdensome for some respondents, since small foreign subsidiaries in other jurisdictions should report monthly. To alleviate the burden, some respondents proposed that subsidiaries not funded in the market (receiving intragroup funding) or that represent a insignificant part of the group (5% of aggregated liabilities) should not report these metrics. Some respondents were critical of the approach, which they believed penalised entities for being part of a group.</p> <p>Some respondents requested that proportionality should consider not only a lower frequency for the reports, but also a waiver for some or all of the reports</p>		
<p>2. Instructions & Tables</p>			
<p>2.1. General comments on the articles</p>			

General	The new templates and their purpose are not sufficiently described. Respondents sought alignment with, and use of, the existing reports (such as liquidity coverage and stable funding requirements) to the highest extent possible	Instructions have been clarified. Where feasible, alignment with, and use of, the existing reports such as liquidity coverage and stable funding requirements have been incorporated	
Contractual maturity ladder (CML)	Respondents believed the CML was similar to the current requirements to report liquidity coverage and stable funding, and would like more alignment between the two in terms of structure and definitions	A full alignment is not deemed appropriate, as this would increase to a large extent the granularity and complexity of the maturity ladder (ML). However, the terminology between ML and LCR has been further aligned	
Behavioural maturity ladder (BML)	The vast majority of the respondents believed this report was complicated, extremely unclear and would provide data that could not be used for purposes of comparison or aggregation. They also believes the 'base case scenario' was not sufficiently defined and the time horizon should not extend beyond 3 years. They argued for excluding this template from the additional monitoring metrics	Given the significant scepticism expressed by respondents on the behavioural part of maturity ladder, this template has been removed from the ITS	
Concentration of counterbalancing capacity by issuer/counterparty	The respondents generally considered this tool to be valuable. Some of them believed it identifies credit risk	Since respondents seem to agree with the value of this tool, the EBA has integrated the template into the additional metrics	Templates amended accordingly
Concentration of funding by counterparty	This template was seen as needing further clarification, especially regarding the treatment of counterparties relating to more than one product or currency and the approach to securities traded on secondary markets. Some respondents would like different thresholds	Instructions have been clarified with regard to a counterparty that provides funding by multiple products; information on the total funding by these products is to be provided and supplementary information only on the top five. For securities traded on secondary markets, identification of the underlying counterparty should be completed on a best efforts basis. Where an institution has information concerning the holder of securities (i.e. it is the custodian bank) it should consider the corresponding amount for reporting the concentration of	See amended instructions

		<p>counterparties. When there is no information available on the holder of securities, the corresponding amount does not have to be taken into account.</p> <p>As the focus of the template pertains to counterparties, the requirement to report on currencies has been deleted</p>	
Concentration of funding by product type	Some respondents argued that the information required by this template could be sourced from the liquidity coverage requirements reporting templates	The scope is different, as term deposits over 30 days are notably treated differently	
Prices for various lengths of funding	A major issue is that price is believed not to be a robust indicator of the liquidity or economic position of an institution because it is highly dependent on individual business models. Consequently, the potential for comparability and aggregation is weak. Some believed that prices represent sensible information and were concerned about confidentiality, while others were concerned about the method of reporting interest rates for different currencies	The aim is not to compare different institutions' funding costs but to reveal changes in funding prices and/or sources over time	
Rollover of funding	Respondents found this template unclear and did not see the benefits of reporting such information. Some suggested dropping it, while others asked for further clarification, especially with regard to the time perspective	The EBA deems this information important as an early warning indicator. It is also in line with the Basel text on liquidity monitoring metrics	See amended instructions
2.2. Responses to questions			
<p>Question 4</p> <p>Are the reporting templates and instructions sufficiently clear?</p> <p>Should some parts</p>	Some respondents were concerned that the benefit of harmonised templates could be lost because of non-harmonised interpretations and urged the EBA to make the instructions very clear and, if possible, provide examples. Some suggested aligning the new templates with the existing ones in terms of definitions and	Instructions have been further clarified	

<p>be clarified? Should some rows/columns be added or deleted?</p>	<p>structure, and the majority were of the view that the behavioural maturity ladder should be excluded from the additional monitoring metrics.</p> <p>One respondent asked for consistency of the time bands across all templates.</p> <p>Some respondents pointed out the need to distinguish between two types of reporting: liquidity coverage and stable funding, and the contractual maturity ladder – covering all the balance-sheet – on the one hand, and concentration of funding by counterparty, rollover of funding and cost of funding – more relating to internal, front-office indicators – on the other hand. It is not clear where concentration of funding by product belongs</p>		
<p>Question 4 Contractual maturity ladder</p>	<p>A number of respondents pointed out that the contractual maturity ladder resembles the design of liquidity coverage and stable funding reporting, but providing greater detail (it includes new concepts such as cross-border financing and resident/non-resident); they would prefer the structure and definitions of the maturity ladder to be aligned with the liquidity coverage and stable funding templates. At the same time, two respondents considered the CML adequate.</p> <p>The inclusion of intragroup flows was well regarded by one respondent. A number of respondents argued the need for a better definition of these flows. More precisely, they asked if and how intragroup transactions should be reported on a consolidated basis and if 'intragroup' items should be considered balance-sheet-wise or prudential-scope-wise.</p>	<p>Following suggestions from the industry, terminology between liquidity coverage and stable funding reporting and AMM reporting has been aligned to the highest degree possible, including for the counterbalancing capacity. However, a lower degree of granularity was deemed sufficient, in particular for the counterbalancing capacity compared with liquid asset reporting.</p> <p>As noted in the CP, the EBA may consider increasing further the granularity of some of the proposed time buckets covering the period of the first 3 months. To address potential cliff effects arising from the original time buckets proposed in the CP, the EBA deems it prudent to extend reporting within the following time buckets: daily up to 1 week; weekly up to 5 weeks; 5 weeks up to 3 months. A further time bucket has also been incorporated for the 6- to 9-month time bucket to address what is perceived as a potential lack of information on maturity transformation during the period</p>	

	<p>Some respondents wanted more clarity on how the reference to counterbalancing capacity relates to high-quality liquid (HQLA) assets as described in CRD IV/CRR, and one proposes replacing the counterbalancing capacity with the list of HQLA permissible for reporting. A number of other points were raised regarding counterbalancing capacity, such as the value to be reported, the reference to central bank eligibility, a 'flow' approach against an 'inventory approach', the definition of retail deposits, etc.</p> <p>Two respondents said that the instructions regarding cash flows from derivatives were inconsistent with options and that the expected cash flows should be allocated to the time band in which they are expected to occur, whatever the type of reports.</p> <p>One respondent also suggested that the maturity ladder should include all types of financial assets (equities, among others) and should not be limited to liquid assets reported in the LCR templates</p>	<p>6 months to 1 year.</p> <p>The distinction between lodged and not lodged with the central bank has been eliminated, to clarify that the approach is a 'flow' approach.</p> <p>Concerning retail deposits, the resident/non-resident distinction has been eliminated.</p> <p>As stated in the instructions, a conservative approach has to be taken when reporting the flows from derivatives.</p> <p>The contractual maturity ladder template asks for assets that supervisors are interested in for the purposes for prudential supervision of liquidity; it does not, therefore, ask for all assets. The assets that are not included in the counterbalancing capacity should be reported under 'other assets', a row outside the counterbalancing capacity that has now been added.</p> <p>For the CML, only those commitments for which there is a contractual maturity should be reported in the inflows and outflows sections</p>	
<p>Question 4 Behavioural maturity ladder</p>	<p>Virtually all the respondents believed the BML was burdensome and complicated to report and opposed the introduction of such a template. They do not see its benefits, nor do they fully understand its structure, definitions or scope. Some respondents argued in favour of introducing such a template in the Liquidity Supervisory Review and Evaluation Process. L-SREP.</p>	<p>The behavioural maturity ladder has been removed from the final draft ITS</p>	

	<p>Many respondents complained that the 'base case economic scenario' was not defined enough.</p> <p>Another major concern among respondents was that the BML reports from different banks would not be comparable, as different assumptions are employed for different institutions, hence the proposed introduction under Pillar 2.</p> <p>A significant number of respondents argued that the time buckets for the BML should not go beyond 3 years, as a business plan is generally annual. Some say that the time bucket 'greater than 10 years' either makes no sense or would have to be filled with infinity if an institution is expected to survive indefinitely.</p> <p>Some respondents raised problems concerning the interaction between the behavioural maturity ladder and the contractual one.</p> <p>It was not clear for some respondents if the BML should include all products and if it only includes expected cash flows that are not contractual.</p> <p>It was not clear if it should also include behaviourised cash flows from existing transactions (expected prepayment, early withdrawal/rollover) or only cash flows from future transactions.</p> <p>Respondents also sought clarification with respect to 'estimated, planned and expected cash flows' (how they interact for one trade, what is actually meant by each).</p> <p>Globally, respondents mentioned several areas where</p>		
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	instructions were not clear enough. They also commented on the assumptions used in the base case economic scenario		
Question 4 Concentration of counterbalancing capacity by issuer/counterparty	<p>The respondents generally acknowledged the importance of such a tool. Some believed this template overlaps with the area of credit risk.</p> <p>Some respondents believe that either sub-lines should be added to match the design of the columns (which suggest splitting by product type, currency, etc.) or the breakdown of the columns should be revised. They also called for clearer instructions regarding the treatment of foreign branches and of groups of connected clients and the use of credit quality steps. In addition, they suggested that clearer wording should be used throughout the single rulebook for country identifications (either country of incorporation or country of residence, etc.). One respondent recommended that the book value be reported instead of the MtM value, as the latter is considered less feasible and useful.</p> <p>Another respondent sought clarification regarding the 'product type'. Respondents found it unclear whether the template refers only to assets in the buffer for purposes of fulfilling liquidity coverage requirements or to all central bank eligible assets plus other non-central bank eligible but tradeable assets, such as equities and gold. Respondents also asked whether financial bonds should be included under 'senior bonds' and retained covered bonds under 'covered bonds'. It was unclear to some respondents if own financial bonds should be included. With respect to the 'MtM value/nominal' and 'Collateral value CB-eligible' columns, the respondent would like to</p>	<p>The EBA considers that the granularity of the rows is sufficient and that it is not appropriate to add further rows.</p> <p>As far as possible, amendments have been made to the instructions and templates to provide the necessary clarifications.</p> <p>The EBA does not see the merit of reporting the book value. Measurement basis should be consistent with LCR reporting, where mark to market (MtM) value of those instruments have been reported.</p> <p>Regarding the scope of the template, it relates to assets reported in the liquidity coverage requirements buffer or all tradeable assets. Since this template is a monitoring tool, and not a breakdown of the liquidity coverage requirement, the scope is broader.</p> <p>Instructions have been amended to clarify that only unencumbered assets should be reported</p>	

	know (i) if only the unencumbered portion should be reported or also the encumbered one and (ii) what is the treatment of assets taken via reverse repo. Finally, the EBA should advise whether this template should be filled on a position basis or on a cash flow basis		
Question 4 Concentration of funding by counterparty	<p>An important concern raised by many respondents refers to the design of the template. More specifically, they sought clarification regarding the treatment of situations in which there are a number of products and currencies corresponding to one counterparty.</p> <p>The threshold of 1% was considered ill defined by some respondents. It is not clear whether it applies to each individual funding source or to the 10 largest funding sources for their combined funding. Some respondents suggested changing it to 10% for a meaningful identification of concentration.</p> <p>Many respondents identified a problem posed by secondary markets, which would anonymise the funding providers, and they asked for the exclusion of marketable debt instruments.</p> <p>One respondent asked for retail funding to be excluded and the scope of this template limited to only unsecured wholesale funding.</p> <p>Another respondent found it unclear whether this template refers to individual retail clients or aggregate retail clients (as individual clients would not amount to more than EUR 1 million) and believes that the</p>	<p>The currency column has been deleted, since the focus of the template pertains to funding counterparties rather than funding currencies.</p> <p>Instructions have been modified to clarify that the 1% threshold applies to each counterparty.</p> <p>Identification of the underlying holder of securities may be undertaken on a best efforts basis. Where an institution has information concerning the holder of securities (i.e. it is the custodian bank) it should consider the corresponding amount for reporting the concentration of counterparties. When there is no information available on the holder of securities, the corresponding amount does not have to be taken into account.</p> <p>Considering the granularity of retail deposits, and in the interest of simplifying the templates, the EBA agrees to remove the reference to retail funding.</p> <p>Reference to retail clients has been removed for reporting on a single counterparty basis.</p> <p>The metric should provide information on the gross</p>	

	<p>breakdown of retail deposits into the five categories is excessive. Moreover, the respondent believed the product type categories to be incomplete, operational deposits and funding from development banks being missing.</p> <p>One respondent believed that, from a liquidity risk perspective, the amount outstanding should be offset against exposures to the counterparty.</p> <p>Another respondent believed that banks should only have to make one report in one combined currency, as the burden would otherwise be too large.</p> <p>This respondent noticed that the guidance refers to ‘total liabilities measured using the balance-sheet’ and asks the EBA to clarify to what balance-sheet the guidance is referring to (International Financial Reporting Standards (IFRS), UK Generally accepted accounting principle GAAP, the balance-sheet used for liquidity reporting)</p>	<p>amount and not the net amount.</p> <p>The issue of reporting significant currencies follows the mandate under Article 415 (3)(b) CRR and is a Level 1 matter.</p> <p>The reference to the balance-sheet refers to the applicable accounting standards</p>	
<p>Question 4 Concentration of funding by product type</p>	<p>Some respondents were concerned that the information provided under this template could be obtained from the liquidity coverage requirement reporting templates.</p> <p>Some respondents believed that certain sources of funding were not covered (equity, sub-debt, other note issuances).</p> <p>One respondent believed that if unsecured issuances are included, they should be broken down into: commercial paper, certificates of deposit, medium-term notes, subordinated debt and contingent convertible capital (CoCos). The respondent also believed that the threshold should be raised to at least 5%, given the</p>	<p>The proposed templates contain some information that cannot be obtained from the liquidity coverage requirement template.</p> <p>Only relevant funding sources for the liquidity analysis are included in the template.</p> <p>The breakdown proposed for wholesale funding is contained in the maturity ladder; there is no need to duplicate that information in this template.</p> <p>Similarly to the amended approach taken to the concentration of funding by counterparty template, the amount should be reported in the reporting currency of the institution.</p>	

	<p>focus on macro product categories.</p> <p>Another respondent noticed that column E indicates that 'total amount received' should be reported in one combined reporting currency and asks the EBA to indicate in what currency this is to be reported.</p> <p>The distinction for each product type between guaranteed/not guaranteed by the Deposit Guarantee Scheme (DGS) is not clear for one respondent</p>	<p>Concerning the distinction between deposits guaranteed by a DGS and unguaranteed deposits, a consistent approach is taken to that specified in the liquidity coverage requirement templates under Article 415(3)(a) CRR.</p> <p>It is intended that the design of this template be as consistent as deemed feasible with the liquidity coverage requirement and stable funding requirement templates under Article 415(3)(a) CRR</p>	
<p>Question 4</p> <p>Prices for various lengths of funding</p>	<p>A widespread concern was that price paid is not a robust indicator of idiosyncratic liquidity stress or the wider economic position, and its interpretation is liable to problems because some underlying factors are blended together (product type, transaction history, collateral quality and currency). In addition, some prices include an element of optionality. Moreover, one respondent believed that the reporting information reflects the business model and a comparison between different institutions should not be made based on it, while achieving a consistent standard for the definition of liquidity spreads is extremely difficult and ties up major resources.</p> <p>For some respondents, a number of problems concern the calculation of the spreads. They sought clarification on whether spreads are to be quoted on new deals in the reporting period or for the whole book; on what should be included in the spread (country risk, related derivatives, etc.); on whether the spread calculation should be based on the deposit's contractual maturity or on the modelled maturity; on whether the funding costs should be calculated based on the yield curves, as per the reporting reference date, or as per the transaction's closing date; on whether allocation to the maturity</p>	<p>The EBA acknowledges these limitations. Overall and despite these mentioned limitations, the proposed metric provides some valuable information. Competent authorities may be aware of the limitations of price information and incorporate them in their analysis.</p> <p>Instructions have been modified to clarify that only new transactions (entered into the last reporting period) should be taken into account for this report and that allocation should be based on the original maturity.</p> <p>Under the proposed mechanism contained in the instructions, interest rates to be reported are 'weighted interest rates'.</p> <p>While retail funding is included in the scope, no division or further granularity is proposed.</p> <p>There is no requirement to report internal transfer prices in this report</p>	

	<p>ladders should be based on the residual maturity or on the original maturity; and on whether funding without a contractual term should be reported or not.</p> <p>Some respondents believed that the data is costly to gather and calculations are heavy. Two suggested incorporating such reporting under the L-SREP. Another respondent suggests reporting such prices in 'weighted interest rates'.</p> <p>Respondents thought that it was not clear whether retail funding is included in the scope of this template or not. Some recommended excluding retail funding. If it is to be included, one respondent asked for more granularity in terms of products.</p> <p>Two respondents found it unclear what products are liable for reporting under each category and whether the internal transfer prices have to be reported in this template or not</p>		
<p>Question 4 Rollover of funding</p>	<p>The reporting requirements, their purpose and instructions are not clear for some respondents. Some suggested eliminating or rebuilding them, while one respondent suggested that the EBA should first look at the reports already provided to national supervisors and perhaps build on those.</p> <p>Many respondents raised some questions regarding the time perspective of this template. Firstly, it is not clear whether the time buckets refer to the original maturity of the funding maturing/raised. Secondly, some</p>	<p>Instructions have been amended to clarify that 'new funds' refers to the agreed rollover of funds maturing and to new funds attained.</p> <p>A division into retail, unsecured and secured wholesale funding has been introduced</p>	

	<p>respondents found it unclear whether the template refers to the past month or the coming one. Finally, one respondent suggested that, if weekends are not intended to be reported, this should be made clear in the instructions.</p> <p>Some respondents noticed that the types of funding are not specified and believed that they should be. More specifically, it is not clear if the template should include FX flows, what types of cash deposits should be included and why unsecured own issuances are not included. One respondent asked for clarification with regard to the reporting of multiple stage products, while another believed that this template should refer exclusively to wholesale funding sources. Some other questions referred to whether institutions should report only money market and capital market funding transactions or also commercial transactions; whether only collateralised transactions should be reported or also uncollateralised transactions; what currencies the report should be filled for.</p> <p>A common concern was the lack of clarity with respect to 'new funds'; respondents need to know whether it refers to rollover funding or to all new funding; one respondent argued that separating rollover transactions from actual new transactions would be virtually impossible ex post.</p> <p>For one respondent, it was not clear whether the template refers to contractual or behavioural maturity, while another found it unclear whether a new funding transaction should appear only in one line (the value date) or also for the following dates</p>		
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