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Final Report

Final Draft Implementing Technical Standards

amending the ITS on disclosures and reporting on MREL and TLAC with regard to the disclosures and reporting of information on daisy chains and prior permissions

Contents

1. Executive Summary

Institutions have been disclosing information to the market and reporting information to their competent and resolution authorities in accordance with Commission Implementing Regulation (EU) 2021/763 ('Implementing technical standards (ITS) on disclosures and reporting on MREL and TLAC') since 2021.

Those ITS need to be adjusted to a minor extent in response to amendments to Regulation (EU) No 575/2013 ('Capital requirements regulation', CRR) as well as to clarify some issues raised, among others, as part of Single Rulebook Q&A process, and to make some editorial corrections. In particular the amendments focus on (i) the reflection of the requirement to deduct investments in eligible liabilities instruments of entities belonging to the same resolution group ('daisy chain' framework), (ii) the reflection of the prior permission regime for buying back eligible liabilities instruments issued by the reporting entities and groups, and (iii) other minor updates to the ITS and the accompanying technical package to address some identified issues.

Next steps

Following the publication of these draft Implementing Technical Standards (ITS) and their submission to the European Commission for adoption, the amendments are envisaged to apply for the reference date of 30 June 2024.

The EBA will also develop a technical package, consisting of the data point model (DPM), validation rules and XBRL taxonomy, reflecting the amendments introduced through these ITS. The ITS and the technical package will become part of release v3.4 of the EBA reporting framework.

2. Background and rationale

1. The Implementing technical standards (ITS) on disclosures and reporting on MREL and TLAC were adopted by the European Commission and published in 2021 as Commission Implementing Regulation (EU) 2021/763[1]. Institutions have been disclosing information to the market and reporting information to their competent and resolution authorities in accordance with these ITS for approximately two years.

2. In the light of the experience with the reporting in the years since its entry into force, as well as in the light of recent and possible upcoming amendments to Regulation (EU) No 575/2013 ('Capital requirements regulation', CRR)[2], minor updates to the ITS are deemed necessary. Those amendments focus on (i) the reflection of the requirement to deduct investments in eligible liabilities instruments of entities belonging to the same resolution group ('daisy chain' framework), (ii) the reflection of the prior permission regime for buying back eligible liabilities instruments issued by the reporting entities and groups, and (iii) other minor updates to the ITS and the accompanying technical package to address some identified issues.

2.1 Daisy chain framework

3. Regulation (EU) 2022/2036[3] amending the CRR introduces an obligation for entities that are not resolution entities to deduct their investments in the own funds and eligible liabilities instruments issued by their subsidiaries from their eligible liabilities ('daisy chain' framework). Non-resolution entities in a daisy chain will have to deduct the relevant amounts in the context of both the internal TLAC requirement specified in Article 92b CRR, as well as the internal MREL specified in Article 45 in conjunction with Article 45f of Directive 2014/59/EU ('Bank recovery and resolution directive', BRRD)[4], where applicable. The requirement to deduct the amounts will apply from 1 January 2024.

4. The 'daisy chain' framework had originally been meant to be specified in Regulatory Technical Standards (RTS), to be developed by the EBA, in accordance with Article 45f(6) BRRD. The ITS on

[1] Commission Implementing Regulation (EU) 2021/763 of 23 April 2021 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council and Directive 2014/59/EU of the European Parliament and of the Council with regard to the supervisory reporting and public disclosure of the minimum requirement for own funds and eligible liabilities (OJ L 168, 12.5.2021, p. 1-83)

[2] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p.1)

[3] Regulation (EU) 2022/2036 of the European Parliament and of the Council of 19 October 2022 amending Regulation (EU) No 575/2013 and Directive 2014/59/EU as regards the prudential treatment of global systemically important institutions with a multiple-point-of-entry resolution strategy and methods for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities (OJ L 275, 25.10.2022, p. 1–10)

[4] Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173 12.6.2014, p. 190)

disclosures and reporting on MREL and TLAC currently in force include a dedicated row in both the reporting and disclosures templates, as a placeholder that would have captured the deduction in accordance with the RTS, once the RTS would have been drafted and entered into force. Eventually the daisy chain framework is being introduced through a direct amendment to the CRR instead of the RTS originally planned, and consequently the mandate of Article 45f(6) BRRD was repealed. Therefore, these final draft amending ITS update the legal references included in the ITS on disclosures and reporting on MREL and TLAC to align them with the legal basis provided for by the CRR, as amended by Regulation (EU) 2022/2036, but does not entail any change in substance to the already existing row.

5. Recital (13) of Regulation (EU) 2022/2036 asked the Commission to assess potential unintended consequences of the indirect subscription of internal MREL eligible resources, including the deduction regime, among others with regard to entities whose resolution plan provides for their winding up under normal insolvency proceedings in the case of failure (liquidation entities). In the light of such possible future amendments to the daisy chain framework, a single 'of which'-item is being added to the templates, that aims to identify the magnitude of the investments of entities subject to an internal TLAC requirement or internal MREL into the own funds and eligible liabilities instruments of subsidiaries that are liquidation entities, to the extent that such an investment has to be deducted from the eligible liabilities of the entities. As the legislative process is only in its early stages[5], there is still some uncertainty as regards the question how the treatment would look like in the end and when it will come into effect; for that reason, the information added as part of this amendments was reduced to one single additional item after consultation.

6. In the disclosures, only the references are updated, replacing the references to the RTS by references to the CRR.

2.2 Amounts covered by a prior permission to buy back or redeem own instruments

7. In accordance with Article 77(2) CRR, institutions need to obtain the resolution authority's prior permission to call, redeem, repay or repurchase eligible liabilities instruments. That permission can be granted either for a specific period and a certain predetermined amount ('general permission') or for specific instruments ('ad hoc permission').

8. By the reference date of the disclosures or of the reporting, an entity may have used up already parts of the predetermined amount approved by the resolution authority, but not the entire predetermined amount.

9. While the prior permission regime has been in force the whole time, the ITS did not specify how the prior permissions were to be reflected in the data submitted or made public. The treatment of the used part of the predetermined amount in the reported or disclosed data is implicitly clear (see

[5] The Commission's proposal of a 'Directive of the European Parliament and of the Council amending Directive 2014/59/EU and Regulation (EU) No 806/2014 as regards certain aspects of the minimum requirement for own funds and eligible liabilities' can be found here: Banking Union: clarifications to the 'daisy chain' deductions (europa.eu)

highlights in red in the example below). However, the ITS remained silent on the treatment of the unused part of the predetermined amount approved by the resolution authority, which reduces the stock of eligible liabilities recognised for complying with the MREL and TLAC requirements (see highlights in green in the example below).

Example:

The prior permission allows the entity to buy back subordinated eligible liabilities instruments worth 60 CUs (predetermined amount).

Situation before prior permission was granted (e.g. December 2022)		**Situation after the prior permission was granted (e.g. June 2023)**
Instrument X was issued at 100 currency units (CU) and qualifies as subordinated eligible liability.		As of the reference date, the entity had bought back **10 CU of instrument X**. The **remaining 50 CUs of the predetermined amount** have not been used up yet.
400 CU	*Eligible liabilities, net (total)* *[e.g. {M 02.00, r0060}, {M 03.00, r0251}]*	340 CU
100 CU	*Eligible liabilities instruments, subordinated, not grandfathered* *[e.g. {M 02.00, r0100 or r0110}, {M 03.00, r0260}]*	**90 CU**
---	*Unused part of the predetermined amount* *[e.g. {M 02.00, r0132 and r0135}, {M 03.00, r0265}]*	**- 50 CU**
300 CU	*Other eligible liabilities instruments*	300 CU

10. Competent and resolution authorities will monitor and scrutinise the implementation of prior permission granted to entities subject to the obligation to comply with the MREL or MREL and TLAC framework. Therefore, it is envisaged to single them out in the data provided to authorities.

11. The final draft ITS foresee that the reporting of (unused) amounts covered by prior permission to buy back own eligible liabilities instruments will be aligned with the approach applied in case of prior permissions to buy back own funds instruments, i.e. with the approach applied in COREP: In template C 01.00 of Annex I to Regulation (EU) 2021/451 (ITS on Supervisory Reporting, ITS) [6], the unused part of the predetermined amount covered by a permission to buy back own funds requirements – effectively a 'reduction of the stock' – is being reported together with investments in (own) own funds instruments (formally, a 'deduction'). Consequently, and considering subordinated and non-subordinated eligible liabilities instruments as two distinct 'capital classes'

[6] Commission Implementing Regulation (EU) 2021/451 of 17 December 2020 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to supervisory reporting of institutions and repealing Implementing Regulation (EU) No 680/2014

(see also Q&A 6651), it is envisaged to add two new rows to templates M 02.00 (external MREL and TLAC) respectively M 03.00 (internal TLAC).

12. For the period until the ITS are updated as described above, Q&A 6576 provides guidance to reporting entities on how to reflect the impact of the prior permissions on the reported data. The guidance provided in the Q&A is aligned with the amendments specified in these final draft ITS.

13. The amendments to the templates and instructions of disclosures to reflect the prior permissions are kept to the absolute minimum. Unused prior permission amounts are envisaged to be disclosed together with any deductions applicable in the context of MREL or TLAC; information on the nature of the deduction or reduction of the stock of eligible liabilities, beyond the level of information currently provided, is deemed not to be relevant for investors. If needed, explanations can be provided in the qualitative information narrative accompanying the template. In order to reflect the prior permissions, one cell in template EU TLAC 1 is envisaged to be opened, and the instructions are being amended. The way prior permissions are reflected differs between reporting and disclosures, but has the advantage of minimising the changes to the disclosures while maintaining the possibility to map the information provided in both frameworks to each other.

2.3 Other technical amendments

14. A number of minor amendments to the templates and instructions on reporting were made, which aim to improve the clarity of the reporting requirements without entailing substantive changes. These amendments are driven by answers to questions raised in the context of the Single Rulebook Q&A mechanism, the experience of analysing the reported data or the feedback received from institutions compiling the data in the data quality assurance process. In addition, typos, references (including a change of referencing style) and formatting inconsistencies have been corrected. Minor changes may also be made to the technical package consisting of the data point model (DPM), validation rules and XBRL taxonomy after the finalisation of the draft amending ITS.

15. The most notable amendment among the 'technical amendments' is a clarification of the information to be reported in the insolvency ranking templates (M 05.00 and M 06.00). As Q&A 5833 showed, it was not clear if, and possibly how, own funds items other than instruments (e.g. retained earnings, IRB surplus), adjustments to the own funds (prudential filters) and deductions from own funds instruments were to be treated in the data reported. These questions would, to some extent, also arise with regard to eligible liabilities. While the substance remains unchanged, the proposed amended wording in the ITS clarifies that only items 'on the right side of the balance sheet' (i.e. items qualifying as liabilities or equity in the accounting sense) are to be considered; deductions, with the exception of holdings of own instruments, and regulatory adjustments such as the prudential filters, are to be disregarded.

2.4 Timelines

16. As the envisaged changes to the ITS on disclosures and reporting on MREL and TLAC are of minor nature, the amendments are consulted for a period of six weeks.

17. The amendments are expected to apply from the later of June 2024 and six month after the entry into force of the amending implementing regulation.

3. Draft regulatory implementing technical standards

COMMISSION IMPLEMENTING REGULATION (EU) …/...

of XXX

amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/763 as regards the disclosures and reporting of information on certain elements reducing the TLAC or MREL capacity

(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 amending Regulation (EU) No 648/2012[7], and in particular Article 430(7), subparagraph (5), thereof,
Whereas:

(1) Regulation (EU) 2022/2036[8] introduced the requirement that intermediate entities in a resolution group should deduct their holdings of internal resources eligible for the compliance with the requirements of Article 92b of Regulation (EU) No 575/2013 ('internal TLAC requirement') or Article 45 of Directive 2014/59/EU[9] ('internal MREL') issued by entities that are not themselves resolution entities and which belong to the same resolution group. Recital (11) of that Regulation emphasizes the need to reflect this requirement also in the templates for the public disclosure of harmonised information on

7 OJ L 176, 27.06.2013, p. 1.

8 Regulation (EU) 2022/2036 of the European Parliament and of the Council of 19 October 2022 amending Regulation (EU) No 575/2013 and Directive 2014/59/EU as regards the prudential treatment of global systemically important institutions with a multiple-point-of-entry resolution strategy and methods for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities (OJ L 275, 25.10.2022, p. 1–10)

9 Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (O L 173, 12.06.2014, p190-348)

internal MREL and internal TLAC set out in Implementing Regulation (EU) 2021/763[10]. This deduction should, equally, be reflected in the harmonised information provided to competent and resolution authorities.

(2) Entities subject to the requirements of Article 92a or 92b of Regulation (EU) No 575/2013 ('TLAC requirement') or Article 45 of Directive 2014/59/EU ('MREL') may, with the prior permission of their resolution authority, call, redeem, repay or repurchase eligible liabilities instruments in accordance with Article 78a of Regulation (EU) No 575/2013. Amounts covered by such a permission reduce the entities' capacity to meet the MREL or TLAC requirement. Implementing Regulation (EU) 2021/763 should clearly state how the impact of the prior permissions is to be reflected in the public disclosures and the reporting to authorities.

(3) The amendments introduced by this Regulation should not be applicable earlier than six months from the date of the entry into force of this Regulation. Entities subject to the obligation to report or disclose information in accordance with Regulation (EU) No 575/2013 or Directive 2014/59/EU[11] should also not start reporting the amended set of infor-mation earlier than for the reference date 30 June 2024.

(4) Implementing Regulation (EU) 2021/763 should be further amended to improve the ability of competent and resolution authorities to effectively monitor entities' compliance with the MREL and TLAC requirements.

(5) This Regulation is based on the draft implementing technical standards submitted to the Commission by the European Banking Authority.

(6) 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 advice of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council[12].];

HAS ADOPTED THIS REGULATION:

Article 1

Implementing Regulation (EU) 2021/763 is amended as follows:

(1) Templates M 02.00 and M 03.00 of Annex I are replaced by the templates M 02.00 and M 03.00 set out in Annex I to this Regulation.

(2) Annex II is replaced by the text set out in Annex II to this Regulation.

(3) Templates EU TLAC1 and EU ILAC of Annex V are replaced by templates EU TLAC1 and EU ILAC set out in Annex III to this Regulation.

[10] Commission Implementing Regulation (EU) 2021/763 of 23 April 2021 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council and Directive 2014/59/EU of the European Parliament and of the Council with regard to the supervisory reporting and public disclosure of the minimum requirement for own funds and eligible liabilities (OJ L 168, 12.5.2021, p. 1)

[11]

[12] 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. 12-47.

(2) Annex VI is replaced by the text set out in Annex IV to this Regulation.

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 *[OJ please insert the date as the later of 16 June 2024 and six months after entry into force]*.

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]

4. Accompanying documents

4.1 Draft cost-benefit analysis / impact assessment

As per Article 15 of Regulation (EU) No 1093/2010 (EBA Regulation), any draft implementing technical standards (ITS) developed by the EBA shall be accompanied by an Impact Assessment (IA), which analyses 'the potential related costs and benefits'.

This analysis presents the IA of the main policy options included in the final draft ITS amending the ITS on disclosures and reporting on MREL and TLAC with regard to the disclosures and reporting of information on daisy chains and prior permissions ('The draft amending ITS'). The analysis provides an overview of the identified problem, the proposed options to address this problem as well as the potential impact of these options. The IA is high level and qualitative in nature.

A. Problem identification and background

Regulation (EU) 2019/876 (the revised Capital Requirements Regulation – CRR2) and Directive (EU) 2019/879 (the revised Bank Recovery and Resolution Directive – BRRD2) implemented the Financial Stability Board's (FSB) total loss-absorbing capacity (TLAC) standard in the EU and amended the minimum requirement for own funds and eligible liabilities (MREL) that has been in force since 2014. To enable markets and authorities to scrutinise compliance with MREL and TLAC requirements, CRR2 and BRRD2 also include Pillar 3 disclosure requirements and supervisory reporting requirements on TLAC and MREL respectively and mandate the EBA to develop draft implementing technical standards (ITS) on those requirements. On the basis of the mandates in CRR2 and BRRD2, the ITS on disclosures and reporting on MREL and TLAC were published in 2021 - as Commission Implementing Regulation (EU) 2021/763. These ITS include templates specifying the details of the TLAC/MREL Pillar 3 disclosure requirements and the supervisory reporting requirements. In accordance with these ITS, Institutions have been using, for approximately two years, those templates to disclose information to the market and report information to their competent and resolution authorities. In the light of the experience with the reporting during those two years, as well as in the light of recent and upcoming amendments to the CRR2, the templates and associated instructions might need to be updated.

B. Policy objectives

The objectives of the draft amending ITS is to ensure that the information on the compliance with the MREL/TLAC reported and disclosed by Institutions correctly reflects the policy framework for TLAC and MREL, allows resolution and competent authorities to properly perform their duty of

supervision, and enables stakeholders to better assess their possible losses where an entity has to be resolved.

C. Options considered, assessment of the options and preferred options

Section C. presents the main policy options discussed and the decisions made by the EBA during the development of the Draft amending ITS. Advantages and disadvantages, as well as potential costs and benefits from the qualitative perspective of the policy options and the preferred options resulting from this analysis, are provided.

Modifications of Templates

As mentioned above, the experience with the reporting during the past two years together with the amendments to the CRR2 raised the question of the necessity of modifying the MREL/TLAC templates for reporting and disclosures. In this context, the EBA considered two policy options.

Option 1a: To keep the MREL/TLAC templates for reporting and disclosures unchanged.

Option 1b: To modify the MREL/TLAC templates for reporting and disclosures to a limited extent.

The CRR2 was recently amended by Regulation (EU) 2022/2036 which introduced an obligation for non-resolution entities to deduct, from their eligible liabilities, their investments in the own funds and eligible liabilities instruments issued by their subsidiaries (‘daisy chain’ framework). Non-resolution entities will have to deduct the relevant amounts in the context of both the internal TLAC requirement specified in Article 92b CRR, as well as the internal MREL specified in Article 45 in conjunction with Article 45f of the BRRD. The requirement to deduct the amounts will apply from 1 January 2024. While the MREL reporting and disclosures had already accounted for that ‘Daisy chain’ framework, albeit pointing to a soon outdated legal provision, the templates do not permit to report information on it for TLAC. This new requirement to make the ‘daisy chain’ deduction also in the context of TLAC, and the need to update the relevant references for MREL, led the EBA to exclude option 1a to keep the MREL/TLAC templates unchanged.

Together with the above-mentioned modifications of the templates related to the ‘daisy chain’, some other modifications of the templates were deemed necessary by the EBA. The main one is related to the prior permission to buy back or redeem own eligible liabilities instruments. The instructions, as they are currently in place, do not specify how entities should reflect the unused part of the predetermined amount approved by the resolution authority (which reduces the stock of eligible liabilities recognized for complying with the MREL and TLAC requirements). Also, the absence of dedicated information on the use of the predetermined amount hampers competent and resolution authorities’ ability to properly monitor and scrutinize the implementation of the permission granted. To keep modifications limited, but reflect all relevant aspects of the prior permission regime, only information on the (i) predetermined amount, by nature of the permission

granted and (ii) the unused part of the predetermined amount at the level of the two main categories of eligible liabilities (subordinated / non-subordinated) would be requested.

The EBA also saw the need of other minor technical amendments. Those are mainly driven by questions raised in the context of the Single Rulebook Q&A mechanism that pointed out misleading, ambiguous or missing elements in the instructions.

The modifications related to the 'daisy chain' have the benefit of (re-)aligning the templates to be reported and disclosed information with the applicable policy framework. Entities will also benefit from the modifications of the templates and instructions, which, by providing clarifications and better guidance, support them in the production of the templates and facilitate the compliance with the relevant reporting and disclosures requirements. The main benefit of the modifications for resolution and competent authorities would be the enhanced ability to monitor some specific aspects of the MREL/TLAC framework.

The costs related to the modifications of the templates will be insignificant or even nil for the resolution and competent authorities. For the entities, the costs will be related to the provision of the additional information requested. However, this additional information is, mostly, supposed to be already available on the entities side, so those costs are deemed to be very low. Overall, benefits will exceed the costs both for the authorities and the entities.

Based on the above, **the Option 1b has been chosen as the preferred option** and thus the draft amending ITS envisages to modify the MREL/TLAC templates for reporting and disclosures to a limited extent.

D. Conclusion

The draft amending ITS will amend the ITS on disclosures and reporting on MREL and TLAC with regard to the disclosures and reporting of information on daisy chains and prior permissions. This update of the reporting requirements will require the reporting entities to provide additional information. However, the costs related to this provision of data will be exceeded by the benefit of having a reporting that is in line with the regulatory requirements and the benefit of providing the resolution and competent authorities with better means to monitor and follow up some MREL/TLAC elements. Overall, the impact assessment on the draft amending ITS suggests that the expected benefits are higher than the incurred expected costs.

4.2 Overview of questions for consultation

Question – Comments on the overall proposal

a) Did you identify any issues regarding the representation of the policy framework for MREL and TLAC, including the representation of the 'daisy chain' framework and the prior permission regime, in these ITS?

b) Are the templates, and the instructions provided for filling them in, clear? If you identify any issues, please clearly specify the affected templates and instructions, and include suggestions how to rectify the issues.

4.3 Feedback on the public consultation

There were 9 responses to the public consultation, 4 of which were confidential, and the majority were provided by reporting institutions. Most of the questions concerned prior permissions, as well as policy questions which could not be clarified in the scope of these ITS. The annexes to this final report were amended accordingly, namely the reporting and disclosure instructions, as well as the mapping file.

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

Topic	Summary of responses received	EBA analysis	Amendments to the proposals
Responses to questions in Consultation Paper EBA/CP/2023/12			
Q1: Did you identify any issues regarding the representation of the policy framework for MREL and TLAC, including the representation of the 'daisy chain' framework and the prior permission regime, in these amending ITS?			
Transparency	**One respondent** expresses their concerns about the confidential nature of unused prior permission amounts and their reluctance about publishing in the Pillar 3 disclosure "EU-TLAC1", in particular in the case of ad hoc permission obtained on non-callable instruments which may require their deduction before the public announcement to the market.	The EBA welcomes the comments acknowledging that disclosing this information might be not ideal in certain cases.	According to Article 431 and 432 CRR, institutions shall only be required to disclose information that is not confidential. If this is the case, institutions can omit the information and "*state in its disclosures the fact that specific items of information are not being disclosed and the reason for not disclosing those items, and publish more general information about the subject matter of the disclosure requirement*". The general instructions of disclosures "EU-TLAC1" (point 7 of annex IV) and "EU-ILAC" (second paragraph of point 8 of annex IV), requesting that banks explain in the narrative accompanying these templates any relevant information regarding material deductions related to unused prior permission amounts, were also deleted from instructions.

Topic	Summary of responses received	EBA analysis	Amendments to the proposals
Deductions with prior permissions	**Three respondents** commented about the timing of the deduction. For an ad-hoc permission there are two regulatory conditions to require a deduction: 1) sufficient certainly and 2) prior-permission. This was confirmed by the EBA in the recent update of the Q&A 2017_3277: "for instruments containing call options in their terms and conditions, in case of the use of the call, sufficient certainty is deemed to exist only at the time of the announcement of the call of the instrument to the holders and the deduction will take place only at that later point in time." This is however not reflected in the draft reporting templates (the template instructions require a bank to report a deduction even if the redemption is yet to be announced).	Agree	Instructions were updated to reflect the sufficient certainty condition in line with the regulation No 241/2014 and Q&A 2017_3277. Namely, it was amended section 1.4 in 5. (e) "unused prior permission amount" and (f) "unused ad hoc permission amount", rows 0070, 0600 and 0610 in template M 02.00, rows 0265, 0550-0600 in template M 03.00
Deductions with prior permissions	**One respondent** argues that in reporting template M 02.00 row 0132, banks identified a potential error in the formulation of (ii) in the instructions relating to the TLAC ratio: "unused prior permission amounts, to the extent that the permission covers eligible liabilities instruments subordinated to eligible liabilities.	Agree	Instructions were updated to replace "eligible liabilities" by "excluded liabilities" in row 0132 in template M 02.00.
Reporting date	**Two respondents** asked from which reporting date should institutions apply these changes to COREP and MREL reporting, since daisy chain regime enters into force as of January 2024 and new MREL templates following this ITS in second quarter of 2024.	The first reference date was mentioned in the CP. To bridge any gap between the application of the underlying regulation and this ITS, we might need a Q&A to clarify what needs to be reported.	No amendments.

Topic	Summary of responses received	EBA analysis	Amendments to the proposals
Policy question/Outside the scope of this ITS	**One respondent** commented on the amortized instruments with less than one year to maturity. According to the draft instructions, banks would be required to deduct unused prior permission amounts received for eligible liabilities instruments even if they are already amortized (because of the residual maturity of less than one year) and not reported in eligible liabilities items. Such eligible liability instruments are excluded from the eligible liability items, but banks are still required to obtain prior permission to redeem them (in case of redemption prior to the contractual maturity). We believe the reporting instructions should be amended so that banks are not required to report prior permission amounts for amortized instruments not included in the eligible liability items. In case this information is deemed valuable, it could be requested additionally in the form of 'Memorandum' item.	This is a policy question that this specific ITS cannot address.	No amendments.
Policy question/Outside the scope of this ITS	**Another respondent** asked if intermediate entities, who are required to calculate internal MREL on individual basis, should apply daisy chain deductions also for the purpose of sub-consolidation level (while calculating RWA, Leverage exposure and Own funds on sub-consolidated level). **The same respondent** further asked if intermediate entities should deduct from Own funds and eligible liabilities only the amount corresponding to the equity investment and not the proportionate amount of subsidiaries own funds. He explains that equity	This is a policy question that this specific ITS cannot address.	No amendments.

Topic	Summary of responses received	EBA analysis	Amendments to the proposals
	investment can be booked at the purchase cost, while own funds of the subsidiaries can increase over time since the initial investment, so these amounts may differ significantly.		
	Another respondent asks how the reporting of Total risk exposure amount in COREP 02 and the calculation of capital adequacy ratios in COREP 03 and leverage ratio in COREP 47 are influenced by the fact that the risk exposure to entities of the same resolution group must be deducted from total risk exposure amount and total exposure measure of the intermediate entity on an individual level. Furthermore, the respondent asks if there are institutions required to report the same figures in MREL and COREP templates on an individual level.		
Policy question/Outside the scope of this ITS	**The same respondent** also asks if, in case the risk exposure to entities of the same resolution group is deducted from risk exposure scope, it should also be deducted from the large exposure scope in COREP 28, even though intermediate entity does not have prior permission to disregard large exposure limit for the group entities. Additionally, **the same respondent** asks if the amount of own funds is supposed to be reported after the daisy chain deductions for the purposes of COREP 01 Own funds template and the requirements laid down in Regulation (EU) No 575/2013 and Directive 2013/36/EU.	These questions are outside the scope of this ITS.	No amendments.

Topic	Summary of responses received	EBA analysis	Amendments to the proposals
	Lastly, **the same respondent** asks if there will be reporting instructions on COREP templates amended for the daisy chain regime.		
Q2: Are the templates, and the instructions provided for filling them in, clear? **If you identify any issues, please clearly specify the affected templates and instructions, and include suggestions how to rectify the issues.**			
Deductions with prior permissions	**One respondent** agrees with the EBA's approach of not including prior permission deductions in the reporting template M 04.00.	The EBA welcomes the comment.	No amendments.
Deductions with prior permissions	**Another respondent** asks for clarification on how to fill template M 02.00 - MREL and TLAC capacity and composition (resolution groups / entities) (TLAC1)", row r0610 - "General prior permissions for eligible liabilities items: Predetermined amount": it is sufficient – as confirmed during the public hearing – to report the GPP section related to Article 78a of CRR (eligible liabilities) and not also the GPP related to Article 78 (own funds).	The EBA confirms the understanding of the submitter.	No amendments.
Correspondence of the values in the MREL and TLAC column with regard to own holdings, used and unused prior permission amounts	**One respondent** seeks confirmation of his understanding of the reporting of investments in own instruments, used and unused prior permission amounts in template M 02.00. While specifying his questions with regard to an example for subordinated eligible liabilities, the submitter emphasizes that the same doubts arise regarding the reporting of not subordinated eligible liabilities.	As regards the investments in own instruments (own holdings), it should be noted that this refers amounts/instruments, where the institution is invested in an instrument it issued that meets all the eligibility criteria – including the 'not owned, not funded' criteria. The EBA expects that, in practice, there will only be none, or	No amendments

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	Concretely, the submitter seeks confirmation on the following points: New row r0132: Based on the instructions in Annex II, the submitter understand that the amounts reported in the MREL and TLAC columns will be different. The TLAC column should include the own holdings of the instruments, but, in absence of any mentioning of those holdings for the MREL column, the submitter believes that the MREL column should not include own holdings, nor used prior permission amounts, but only unused prior permission amounts. Row r0100: Based on the instructions in Annex II, the submitter understands that the amounts reported in the MREL and TLAC columns must be equal, and must not include the unused prior permission amounts, but includes the own holdings. The submitter notes that this is also the current requirement, as the cells are not marked in any colour. Row r0090: Based on the instructions in Annex II, the submitter understands that the amounts reported in the TLAC and MREL columns must be different. The values in the MREL column are defined as values net of unused prior permission amount, but there is no mention of own holdings. On the other hand, the values in the TLAC column are defined as values net of both own holdings and unused prior permission amount.	only marginal amounts of 'holdings of own instruments', as most of the amounts in question will already fail meeting the eligibility criteria (the respective amounts have never been recognised a regulatory capital in the first place), without any amounts left to be deducted, in a – conceptually later – step, in accordance with Article 72e CRR. As regards the used prior permission amounts, the EBA would like to emphasize that this corresponds to money actually spent by the institution (i.e., the buy-back is completed). It means that the amount of the liability in question is not included anymore in the balance sheet and consequently, also the amounts reported in rows 0100 to 0120 (for subordinated eligible liabilities instruments) are immediately lower. As the used permission amounts have been fully incorporated into those rows, there is no need anymore to consider them for rows 0132, or rows 0190 to 0211.	

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		Based on these considerations: Yes, the values in the MREL and TLAC columns are conceptually different for row 0132 as well as row 0090, because the TLAC column includes the investments in own instruments, while the MREL column does not. But in practice, the amounts reported in both columns will frequently be the same, as explained above. As regards row 0132, neither the MREL nor the TLAC column are impacted by used prior permission amounts. Yes, there is no conceptual change to row 0100. The amounts reported correspond to the amounts issued and deemed to be eligible, i.e., they are amounts before deducting any investments in own instruments in the sense of Article 72e CRR. Considering that prior permission should have been already reflected in the reporting prior to this amendment, the instructions added do not change the content of the row, they only make a requirement explicit that existed previously. The values in the MREL and TLAC column may	

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		not match, though, for reasons other than those mentioned (e.g., because of the recognition of some structured notes as eligible according to the BRRD, but not according to the CRR).	
Correspondence of the value in different rows of the MREL column	**One respondent** enquires, if the amounts reported in rows r0132 and r0135 of template M 02.00 (as the ones in rows r0162 and r0165) should be the same for a reporting entity subject to MREL (and not TLAC).	Yes, the two values in rows 0132 and 0135, respectively 0162 and 0165, in the MREL column are expected to be identical. The amounts can only be different for an entity that has to comply with TLAC in the context of the compliance with TLAC (i.e., in the TLAC column).	No amendments
Prior permission amounts for Tier 2 instruments	**One respondent** seeks confirmation, that the unused GPP amounts of Tier2 instruments not computable as own funds should be deducted from MREL eligible liabilities, using row r0132 and row r0135 of template M 02.00 (with corresponding impacts on M 01.00). Should the answer be affirmative, the respondent asks for an explanation of the reason behind the lack of instructions for row r0130 to report it as an amount gross of any GPP deductions, as it is for example for rows 0100/0110/0120 for which it is clearly stated: "The amounts reported shall be the amounts before deducting unused prior permission amounts, to the extent that the permission covers eligible liabilities instruments issued prior to 27 June 2019".	Unused ad hoc permission amounts granted for Tier 2 instruments are expected to be already fully reflected in the context of the compliance with the Pillar 1 capital requirements (Article 92 CRR). Consequently, they are expected to have reduced already the values reported in row 0050 (as there is no case, where a a Tier 2 instrument would be only eligible to comply with the MREL and TLAC requirements, but not with the Pillar 1 requirements) and	No amendments

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		should not be reported in rows 0132 or 0135.	
Deductions with prior permissions	**One respondent** seeks confirmation regarding Template M 01.00 - rows r0220 and r0230 (where only ad hoc prior permission is mentioned) that no reduction applies for banks which required only general prior permissions.	The EBA confirms the understanding of the submitter.	No amendments.
Daisy chains (deductions)	**One respondent** commented on the explanatory text of item 0290 (-) Own funds instruments and eligible liabilities issued by non-resolution entities of the same resolution group: The respondent argues that the explanation seems not to be correct. They explain that the daisy chain deductions refer to any entity with an internal MREL requirement – irrespective of its "liquidation" or "non-liquidation" (e.g., resolution) status. Hence, they believe that contrary to the explanation provided and as the title of the 0290 Item says, all holdings of own funds and eligible liabilities instruments that are held by an intermediate entity in any other non-resolution entity, subject to internal iMREL must be deducted. Furthermore, they state that the proposed BRRD changes are expected to eliminate MREL decisions for "liquidation entities", so, in their opinion, this would mean that no deduction would have to be undertaken for holdings in own funds and	The explanatory note will not be part of the final draft ITS, as it is only there for consultation purposes. Therefore, it does not need to be corrected at this point.	No amendments.

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	eligible liability instruments issued by liquidation entities and held by the intermediate entity. Furthermore, the respondent asks the EBA to revise the guidance accordingly by replacing "liquidation entity" with "non-resolution entity". Furthermore, the respondent clarifies that "non-resolution" entity might be any entity within a resolution group that is either "liquidation" or "non-liquidation" entity.		
Daisy chains (deductions)	**The same respondent** commented on item 0292 (-) Own funds instruments and eligible liabilities issued by non-resolution entities of the same resolution group: of which: (-) instruments issued by liquidation entities: The respondent argues that only investments in instruments issued by "liquidation entities" must be reported. They state that, if the legislative proposal regarding BRRD is approved, this row shall be left empty, as "liquidation entities" will not be subject to iMREL requirement and as a consequence, no deduction shall be performed by intermediate entities.	The EBA confirms this understanding.	No amendments.
TREA/TEM	Furthermore, **another respondent** comments on reporting template M 03.00, rows r0102 and r0112 (TREA – of which: exposures to liquidation entities of the same resolution group)	Irrespective of the issue raised, the EBA decided to postpone the inclusion of these rows to a future amendment, since the underlying	Rows 0102 and 0112 removed from template M 03.00.

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	They argue that, according to the draft instructions, banks would be required to report all exposures (not only exposures towards own funds and eligible liabilities) to "liquidation entities". In line with the daisy-chain framework, their view is that the EBA should limit the scope of reported exposures to exposures towards own funds and eligible liabilities (internal MREL) of liquidation entities, because, in their opinion, other exposures are irrelevant and would obfuscate the data relevant from the daisy-chain perspective.	regulation has not entered into force yet.	
TREA/TEM	With regards to 2.2. M 03.00 – Internal MREL and Internal TLAC (ILAC) and 2.2.2. Instructions concerning specific positions, **one respondent** has a comment on item 0100 Total risk exposure amount (TREA): In their opinion, it is not clear whether the TREA in this field is reduced by the corresponding TREA of all relevant "daisy chain" deduction amounts for an intermediate entity.	The deductions mentioned will need to be included in the RWEAs (in this case in the TREA) calculation, unless they are included already in the own funds calculation.	No amendments.
TREA/TEM	Furthermore, **the same respondent** comments on item 0110 Total exposure measure (TEM): In their opinion, it is also not clear whether the TEM in this field is reduced by the corresponding TEM of all relevant "daisy chain" deduction amounts for an intermediate entity.	The deductions mentioned will need to be included in the RWEAs (in this case in the TEM) calculation, unless they are included already in the own funds calculation.	No amendments.

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Insolvency ranking	**Two respondents** commented on items 0700 – 0100 (of which: with a residual maturity of): In these positions, the eligible liabilities and own fund instruments are reported, sorted by their ranks. T2 instruments are differentiated into the own funds eligible part and the rest (not recognized as own funds part). The own funds eligible part is also MREL eligible if its residual maturity is <1 year. However, they argue that there is only the possibility to report own funds and eligible liabilities with a residual maturity of > than 1 year. Furthermore, they state that there is a validation rule that compares the total value per own funds and eligible liabilities with the sum of the values broken down by maturities. According to them, as the own funds eligible part < 1 year cannot be reported, this validation rule can be broken. Thus, they ask about the necessity to report the own funds and eligible liabilities < than 1 year.	Columns 0070 to 0100 are "of which" item, which means that the breakdown of "own funds and eligible liabilities potentially eligible for meeting MREL" is not complete. The validation rule will be adjusted accordingly when the technical package will be published.	No amendments.
Amendments to ITS/templates	The same respondent comments on modifications to the instructions for the filing of template M 01.00 and argues that they do not seem to be included in the corresponding Excel file (in particular, rows r0210, r0220 r0230, r0250 and r0350).	The instructions as regards to the mentioned rows have been amended to provide some clarifications, stating previously existing requirements now	No amendments.

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		explicitly, but the content of the rows and the data requested has not been subject to any changes. For that reason, there is no change highlighted in the excel file with the templates.	
Mapping between reporting and disclosures	**Lastly, a respondent** would like to call the EBA's attention to what appears to be an inconsistency that has been carried forward from existing templates. Within the draft mapping tool, row EU 17 of the EU iLAC tab references row r0540 which represents the O-SII or G-SII buffer. However, row r0500 appears to be a more consistent representation of the description for row EU 17, supported by the instructions which refer to the Combined Buffer as per CRD Article 128(6). If only row r0540 is used, only a subset of the Combined Buffer Requirement would be captured through the cross reference.	The original mapping provided, as well as the draft mapping published alongside the consultation paper, are indeed wrong. Row EU-17 of disclosures template EU iLAC should have been mapped to M 03.00, r0500, c0020. The mapping will be corrected.	The mapping tool was updated accordingly.
Policy question/Outside the scope of this ITS	**Additionally, one respondent** explains that on COMMISSION IMPLEMENTING REGULATION (EU) 2021/763, Article 9, the following is specified: For the purposes of public disclosure, disclosing entities shall observe the following: (a) annual disclosures shall be published on the same date as the date on which institutions publish their financial statements or as soon as possible thereafter; (b) semi-annual and quarterly disclosures shall be published on the same date as the date on which	The issues raised are outside the scope of this amending ITS. For clarification on these topics, you may submit a Q&A.	No amendments.

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	institutions publish their financial reports for the corresponding period, where applicable, or as soon as possible thereafter; (c) any delay between the date of publication of the disclosures required under this Title and the relevant financial statements shall be reasonable and, in any event, shall not exceed any timeframe set by the competent authorities pursuant to Article 106 of Directive 2013/36/EU of the European Parliament and of the Council (6). They further state that CoRep deadline can be later than financial statements or financial reports and ask the EBA to confirm that they can wait to CoRep data before the disclosure. If not, they argue that MREL_TLAC reporting, and the disclosure will be misaligned. They further explain that in Spain, banks report some required capital data in "Informe con Relevancia Prudencial (IRP)", which is published a little bit later than CoRep. Therefore, they ask if the EBA finds it reasonable to publish the MREL Disclosure as an IRP section in order to avoid opening new sections in websites and have all relevant data together.		