



Enhancing proportionality in liquidity reporting

Consultation on draft ITS with respect to ALMM reporting

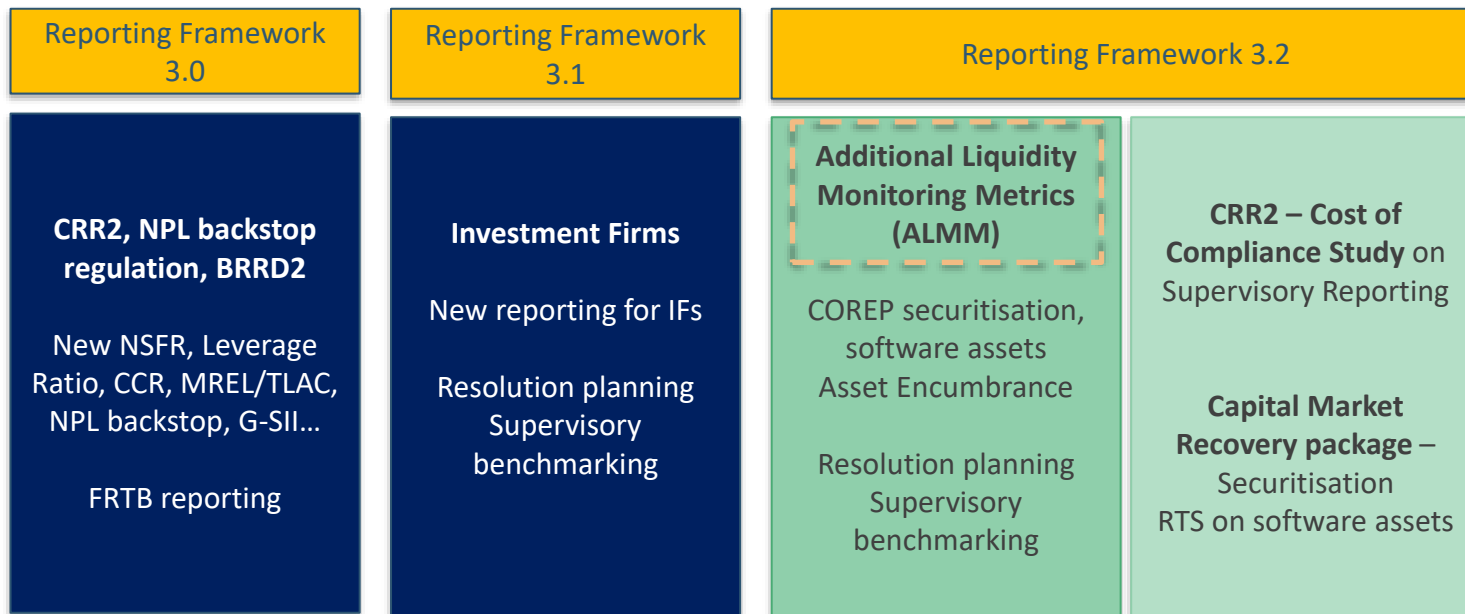
Guidance for participants

- ✓ Remain on mute at all time when not speaking, to reduce background noise
- ✓ Turn off your video during the whole workshop
- ✓ Feel free to use the online-chat function available
- ✓ Via public chat to raise a question
- ✓ Via private chat (to Anca Dinita/Andreea Chilan): to ask any technical questions
- ✓ In case of IT issue, you are encouraged to log out and log in again and, if that does not work, to dial in via phone through one of the local access numbers which will be provided in the separate Webex e-mail

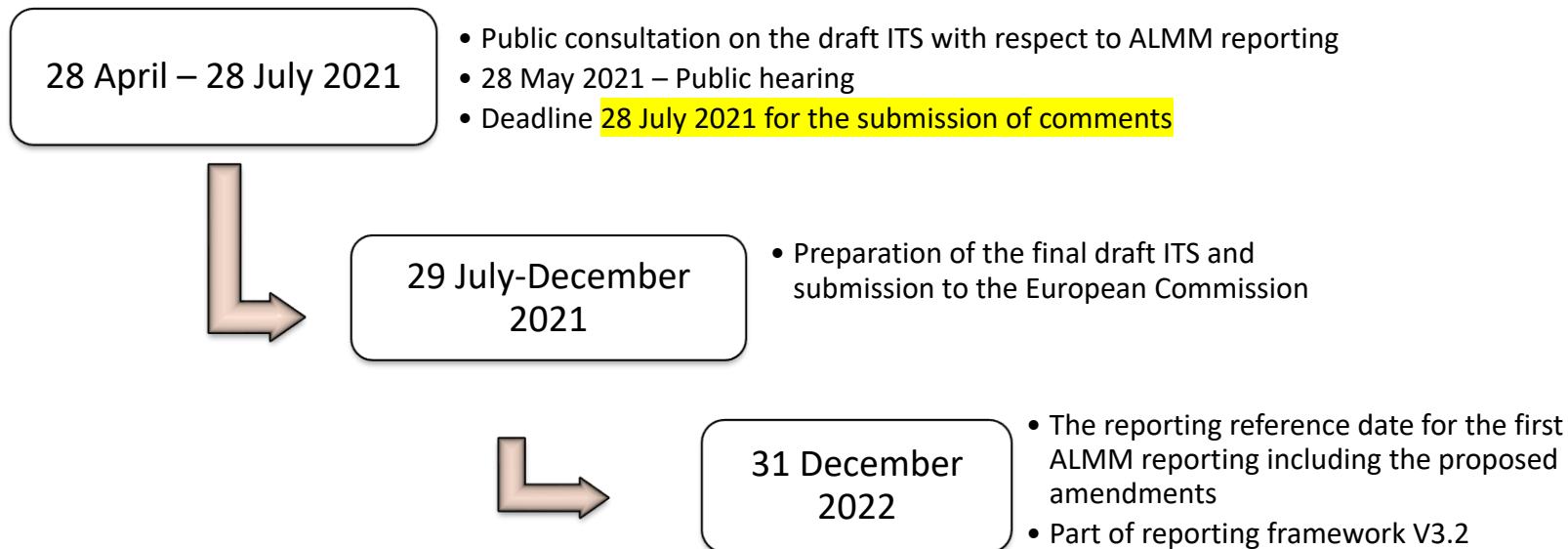
Outline

- 1 Introduction and timeline
- 2 Liquidity metrics covered in ALMM reporting
- 3 EBA Mandate under Article 415 (3a) and proportionality in reporting
- 4 Other amendments to the ALMM templates

1. Introduction



1. Timeline

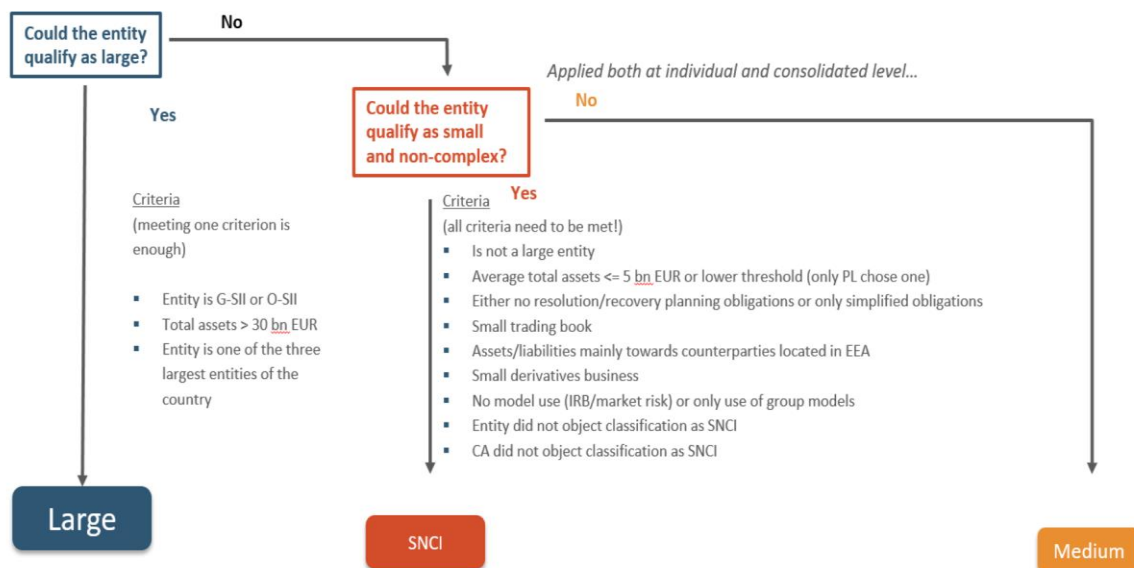


2. Liquidity metrics covered in ALMM templates

	<u>C 67.00</u>	CONCENTRATION OF FUNDING BY COUNTERPARTY
Annex 18 to the ITS	<u>C 68.00</u>	CONCENTRATION OF FUNDING BY PRODUCT TYPE
	<u>C 69.00</u>	PRICES FOR VARIOUS LENGTHS OF FUNDING
	<u>C 70.00</u>	ROLL-OVER OF FUNDING
Annex 20 to the ITS	<u>C 71.00</u>	CONCENTRATION OF COUNTERBALANCING CAPACITY BY ISSUER
Annex 22 to the ITS	<u>C 66.01</u>	MATURITY LADDER TEMPLATE

3. EBA Mandate under Article 415 (3a) of CRR2

'3a. EBA shall develop draft implementing technical standards to specify which additional liquidity monitoring metrics as referred to in paragraph 3 shall apply to small and non-complex institutions. '



Reporting framework 3.0

(applicable from 06/2021)

- ✓ already includes the definition of Large and SNCI
- ✓ frequency for ALMM (m,q)

Reporting framework 3.2

(applicable from 12/2022)

Relevant for ALMM

- additional proportionality
- other technical amendments

3. How does EBA apply proportionality in reporting?

Implicit regulation/activities based: e.g. use of internal models, securitisations or covered bonds issuance

Risk specific criteria/thresholds: e.g. sovereign exposures, large exposures, geographical breakdowns, details of non-performing exposures

Current framework has proportionality build in different ways

Size thresholds: e.g. exemptions for small and non-complex or additional reporting requirements for large institutions, different frequencies

Currently, large banks report on average 10 times more data points than smaller banks. However, it is necessary to enhance proportionality, also in line with the new concepts introduced by CRR2....

3. Cost of compliance study and proportionality



Article 430(8) of CRR2

- ✓ measure the costs that institutions incur when complying with the supervisory reporting requirements
- ✓ assess whether these reporting costs are proportionate compared to the benefits delivered
- ✓ make recommendations on how to reduce the reporting cost

Proportionality - The aim is to strike a balance between the reduction of costs of reporting (implementation and ongoing costs) for institutions and the quality/effectiveness of supervision

CoC study findings - institutions

- ✓ Among top 10 most costly reporting requirements
SNCI: C 66.01, C 71.00
Large and medium: C 66.01, C 70.00
- ✓ 2/3 of respondents – 1% threshold for C 68.00 is ineffective
- ✓ For already implemented templates it is more cost effective to fully exempt than to create simplified templates

CoC study findings + other considerations - authorities

- ✓ C 66.01, C 67.00, C 71.00 highly important for supervisory purposes for all institutions (more than 50% consider C 66 and C 71 important for SNCIs)
- ✓ C 68.00, C 69.00 and C 70.00 - comparatively less essential information for SNCIs
- ✓ Support removing the reporting thresholds
- ✓ C 70.00 offers comparatively less essential information also for medium institutions, also relative to the burden to produce it

3. Consultation paper proposal – proportionality

Type of institution	C 66.01	C 67.00	C 68.00	C 69.00	C 70.00	C 71.00
Large	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
Medium	Monthly	Monthly	Monthly	Monthly	<i>-Exempted-</i>	Monthly
SNCIs	Quarterly	Quarterly	<i>-Exempted-</i>	<i>-Exempted-</i>	<i>-Exempted-</i>	Quarterly

4. Other amendments to the ALMM templates – summary of main changes



C 67.00
CONCENTRATION OF FUNDING BY COUNTERPARTY

- ✓ Removal of the 1% of total liabilities reporting threshold

C 68.00
CONCENTRATION OF FUNDING BY PRODUCT TYPE

- ✓ Removal of the 1% of total liabilities reporting threshold

C 69.00
PRICES FOR VARIOUS LENGTHS OF FUNDING

- ✓ Separate secured funding from central banks and non-central banks
- ✓ Replace spreads with effective interest rate
- ✓ Reporting of non-overlapping categories has been introduced

C 70.00
ROLL-OVER OF FUNDING

No changes

C 71.00
CONCENTRATION OF COUNTERBALANCING CAPACITY BY ISSUER

No changes

C 66.01
MATURITY LADDER TEMPLATE

- ✓ New items to be reported: Own issuances eligible for central banks, outflows from uncommitted facilities, further breakdown by counterparty (central bank and non-central bank)
- ✓ Inclusion of intragroup and IPS flows in the main inflows/outflows part instead of memo items
- ✓ Interest payments/receipts and non-financial cash flows are excluded from reporting in the time bucket > 5 years
- ✓ New column – open maturity items
- ✓ Further clarification on reporting of derivatives

Reporting of derivatives (fully collateralized, fully collateralized but with physically settlement, partially collateralized)

Transaction	Residual Maturity	Value	Collateralization	Value of collateral received
physically settled gold forward	6 weeks	pay 3000 euros (gold to be settled)	fully/adequately collateralised	1000 euros (level 2A corporate bond)
		receive 4000 euros		

Analysis: It is clarified in the ANNEX X that the exception for CBC flows at maturity of physically settled derivatives that are margined are to be reported. The transaction is reflected in Template C66.01 as follows:

0390-0720	2	INFLOWS		Greater than 5 weeks up to 2 months
0670	2.4	Derivatives amount receivables other than those reported in 2.3		4,000
0730-1080	3	COUNTERBALANCING CAPACITY	Initial stock	Greater than 5 weeks up to 2 months
0830	3.4.1	Level 2A corporate bonds (CQS1)	1,000	
0980	3.6.7	other tradable assets		-3,000

Outflows from Uncommitted funding facilities

Example 6. At the reporting reference date the reporting institution has 13 500 euros in uncommitted funding facility with a client. The following withdrawal schedule was agreed:

6000	Over night
4000	After 5 days
3500	In 2.5 months

Analysis: In the LCR template (C73.00) the institution would have to report only the amount of the uncommitted funding facility that can be withdrawn in the next 30 days.

			Amount	Applicable Weight	Outflow
0731	1.1.7.1	Uncommitted funding facilities	10 000	0.08	800

While template C66.01 would reflect the additional information on the time schedule when the amounts can be withdrawn and in addition would capture the maximum amount that can be withdrawn.

1090-1130	4	CONTINGENCIES	Overnight	Greater than 5 days up to 6 days	Greater than 2 months up to 3 months
1131	4.X	Outflows from uncommitted funding facilities	6000	4000	3500



Thank you!

Q&A



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