Consultation Paper

Draft Implementing Technical Standards

amending Commission Implementing Regulation (EU) No 650/2014 laying down implementing technical standards with regard to the format, structure, contents list and annual publication date of the information to be disclosed by competent authorities in accordance with Directive 2013/36/EU of the European Parliament and of the Council
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1. Responding to this consultation

The EBA invites comments on all proposals put forward in this paper and in particular on the specific questions summarised in 5.2.

Comments are most helpful if they:

- respond to the question stated;
- indicate the specific point to which a comment relates;
- contain a clear rationale;
- provide evidence to support the views expressed/ rationale proposed; and
- describe any alternative regulatory choices the EBA should consider.

Submission of responses

To submit your comments, click on the ‘send your comments’ button on the consultation page by 9 March 2023. Please note that comments submitted after this deadline, or submitted via other means may not be processed.

Publication of responses

Please clearly indicate in the consultation form if you wish your comments to be disclosed or to be treated as confidential. A confidential response may be requested from us in accordance with the EBA’s rules on public access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the EBA’s Board of Appeal and the European Ombudsman.

Data protection

The protection of individuals with regard to the processing of personal data by the EBA is based on Regulation (EU) 1725/2018 of the European Parliament and of the Council of 23 October 2018. Further information on data protection can be found under the Legal notice section of the EBA website.
2. Executive Summary

Supervisory disclosure framework provides qualitative information regarding the laws, regulations, administrative rules and general guidance adopted by the competent authorities (CAs) in the field of prudential regulation and supervision, as well as quantitative information on aggregate statistical data on key aspects of the implementation of the prudential framework in their jurisdiction.

The Implementing Regulation (EU) No 650/2014 sets out the format, structure, contents list and annual publication date of the information to be disclosed by the CAs in accordance with Article 143 (1) of CRD IV on:

a) The text of laws, regulations, administrative rules and general guidance adopted in their Member State in the field of prudential regulation;

b) The manner of exercise of the options and discretions (O&Ds) available in Union law;

c) The general criteria and methodologies they use for the purpose of their supervisory review and evaluation process (SREP);

d) Aggregate statistical data on key aspects of the implementation of the prudential framework in each Member State, including the number and nature of supervisory measures taken in accordance with Article 102(1)(a) of CRD, and of administrative penalties imposed in accordance with Article 65 of CRD.

In this consultation paper the European Banking Authority (EBA) puts forward the draft ITS that further amends Commission Implementing Regulation (EU) No 650/2014 to consider changes to the EU legal framework, in particular the changes related to supervisory reporting and investment firms. The amendments reflect changes resulting from the legislation adopting the banking package under Directive (EU) 2019/878 amending Directive 2013/36/EU (CRD V) and Regulation (EU) 2019/876 amending Regulation (EU) No 575/2013 (CRR2).

Moreover, by amending the existing supervisory disclosure framework, the draft ITS shall enhance the quality and comparability of the reported data by supervisors and provide the market with more information, enhancing transparency in this regard.

Next steps

The proposal included in this consultation is consulted for one-month. This shortened consultation period was considered sufficient, in light of the fact that the information specified in the ITS is to be disclosed only by CAs. Furthermore, the changes specified in this ITS have been already consulted by CAs in the course of the approval process for the proposed changes inherited from the CRR/CRD review, with no change in the scope of the provisions. Moreover, since the information in the ITS is already outdated, it is imperative that the ITS is updated as soon as possible. The draft ITS will be submitted to the Commission for adoption before being published in
the Official Journal of the European Union. Once published in the EU Official Journal, the draft ITS will further amend the Commission Implementing Regulation (EU) No 650/2014.

3. Background and rationale

3.1 Background


2. Following the adoption of the fourth iteration of the CRD, EBA was mandated to develop a draft ITS on the “format, structure, contents list and annual publication” of the information related to supervisory disclosure in accordance with Article 143 of CRD IV\(^4\).

3. More specifically, Article 143(1) of CRD IV sets out the scope of the disclosure requirements regarding the information to be published by the CAs. This includes:

   a) the text of laws, regulations, administrative rules and general guidance adopted in their Member State in the field of prudential regulation;

   b) the manner of exercise of the options and discretions available in Union law;

   c) the general criteria and methodologies they use in the review and evaluation process referred to in Article 97 of CRD;

   d) without prejudice to the provisions laid down in Title VII, Chapter 1 of the Directive and Article 54 and 58 of Directive 2004/39/EC\(^5\), aggregate statistical data on key aspects of the implementation of the prudential framework in each Member State, including the number and nature of supervisory measures taken in accordance with Article 102(1)(a) of CRD, and of administrative penalties imposed in accordance with Article 65 of CRD.

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\(^1\) https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32006L0048
\(^2\) https://www.eba.europa.eu/sites/default/documents/files/documents/10180/105237/d70c1f4c-9e0e-48c5-b59b-9d4784e03f10/CEBSGuidelinesonSupervisoryDisclosurerevisedJan.pdf?retry=1
\(^3\) https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32006L0049
\(^4\) EUR-Lex - 32013L0036 - EN - EUR-Lex (europa.eu)
\(^5\) EUR-Lex - 32004L0039 - EN - EUR-Lex (europa.eu)
4. The Commission Implementing Regulation (EU) No 650/2014⁶ (the ‘ITS on supervisory disclosure’) is accompanying the Single Rulebook and was adopted by the Commission and published in the EU Official Journal on 4 June 2014 replacing the former CEBS Guidelines on Supervisory Disclosure.

5. EBA also implemented Article 143(2) of CRD IV by making the disclosed information “accessible at a single electronic location”⁷. This allows not only EBA and the CAs but also the general public to compare the supervisory approaches taken in different jurisdictions hence promoting convergence of supervisory practices in the Single Market.

6. On 28 May 2019, the ITS on Supervisory Disclosure was amended by Commission Implementing Regulation (EU) 2019/912⁸, reflecting the EU supervisory landscape changes, new regulations and guidelines affecting supervisory disclosure in particular:
   a) Liquidity Coverage Ratio (LCR) Delegated Act (LCR DA)⁹.
   c) The establishment of the Single Supervisory Mechanism (SSM).

7. Since 2019, CAs have been disclosing the information outlined in the amended ITS on Supervisory Disclosure on an annual basis.

3.2 Main features of the draft amending ITS

8. It is necessary to further amend the ITS on Supervisory Disclosure due to:
   a) The aggregate statistical data shall be fully aligned of the Commission Implementing Regulation (EU) 2021/451¹¹(ITS on supervisory reporting) with the aim of avoiding additional burden, since CAs can use the data received by the institutions under the above mentioned Implementing Regulation to aggregate and disclose Annex IV of the draft amending ITS.
   b) On 7 June 2019, the legislation adopting the banking package was published in the EU Official Journal and came into force on 28 June 2019. The package amends rules on capital requirements to reinforce the capital and liquidity positions of institutions,

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⁷ http://www.eba.europa.eu/supervisory-convergence/supervisory-disclosure
⁸ EUR-Lex - 32019R0912 - EN - EUR-Lex (europa.eu)

c) There is a separate and specific exercise for investment firms provided by Commission Implementing Regulation (EU) 2022/389\textsuperscript{13} for this reason the information related to investment firms shall be excluded in the CRD templates. The EBA has developed and published the final draft technical standards on supervisory disclosure under Directive (EU) 2019/2034 (‘Investment Firms Directive - IFD’) on 25 June 2021 which was adopted by the European Commission on 8 March 2022. Following the publication of Commission Implementing Regulation (EU) No 2022/389 in the EU Official Journal\textsuperscript{14}, CAs shall publish the information referred to in Article 57(1) of Directive (EU) 2019/2034 at a single electronic location by 30 June of each year and shall update the aggregated statistical data reported by 30 June of each year. Nevertheless, the following MIFID investment firms that are subject to CRR/CRD are subject to the ITS on supervisory disclosures:

i. Investment firms referred to in Article 1(2)(a) and (b) of the Regulation (EU) 2019/2033\textsuperscript{15} (‘IFR’) that are subject to the prudential regime under the CRR;

ii. Investment firms referred to under Article 1(2)(c) of the IFR following the exercise of the competent authority discretion in Article 5 of the IFD.

iii. Investment firms referred to in Article 1(5) of the IFR.

3.2.1 Update of the Annex I

9. In Annex I it is proposed to correct legal references and remove sections which are no longer relevant.

3.2.2 Update of the Annex II

10. Annex II on options and discretions available in Union Law has been revised adding the options and discretions stemming from the CRR/CRD review. In addition, it is proposed to delete options and discretions addressed to investment firms.

\textsuperscript{12} EUR-Lex - 32019L0878 - EN - EUR-Lex (europa.eu)
\textsuperscript{13} https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32022R0389
\textsuperscript{14} https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R0389&from=EN
\textsuperscript{15} EUR-Lex - 32019R2033 - EN - EUR-Lex (europa.eu)
3.2.3 Update of the Annex III

11. Annex III has been updated to incorporate EBA’s new Guidelines on SREP (Supervisory Review and Evaluation Process) (EBA/GL/2022/03)\textsuperscript{16}, published in March 2022, which repealed EBA SREP Guidelines (EBA/GL/2014/13) and the amending guidelines of 19 July 2018 (EBA/GL/2018/03) from 1 January 2023.

3.2.4 Update of the Annex IV

12. In Annex IV it is proposed to delete cells no longer available in the EBA ITS on supervisory reporting\textsuperscript{17}, with the aim of avoiding additional burden, and the cells requesting information of investment firms as there is a separate technical standard exercise stemming from the IFR/IFD.

13. In addition, wrong references in the formula cells, discovered during the application of current version of the ITS on supervisory disclosure, need to be also corrected. This will enhance the transparency of the ITS, ensure consistency between the templates and instructions and should reduce the level of different interpretations between reporting CAs.


\textsuperscript{17} https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R0451&from=EN
4. Draft implementing technical standards

COMMISSION IMPLEMENTING REGULATION (EU) …/…

of XXX

amending Implementing Regulation (EU) No 650/2014 laying down implementing technical standards with regard to the format, structure, contents list and annual publication date of the information to be disclosed by competent authorities in accordance with Directive 2013/36/EU 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 Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC18, and in particular Article 143(3) thereof,

Whereas:

(1) Commission Implementing Regulation (EU) No 650/201419 specifies the format, structure, contents list and annual publication date of the information to be published by competent authorities in accordance with Article 143 of Directive 2013/36/EU. Following the entry into force of Commission Implementing Regulation (EU) 2022/38920, Article 5 of the Implementing Regulation (EU) No 650/2014 should be amended as regards the date by which the competent authorities shall publish the information referred to in Article 57(1) of Directive (EU) 2019/203421 at a single electronic location and the date by which the competent authorities shall update the aggregated statistical data reported.

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(3) Following the publication of Commission Implementing Regulation (EU) 2022/389\(^26\), the information related to investment firms that are not subject to Regulation (EU) No 575/2013\(^27\) shall be excluded from this ITS.

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

(5) EBA 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 Council\(^28\).

(6) Implementing Regulation (EU) No 650/2014 should therefore be amended accordingly.

HAS ADOPTED THIS REGULATION:

**Article 1**

Implementing Regulation (EU) No 650/2014 is amended as follows:

\(^{22}\) OJ L 150, 7.6.2019, p. 253–295

\(^{23}\) OJ L 176, 27.6.2013, p. 338–436


(1) in Article 5, the second and third paragraphs are replaced by the following:

‘Competent authorities shall update the information referred to in point (d) of Article 143(1) of that Directive by 30 June of each year. That information shall cover the preceding calendar year.

Competent authorities shall, for the institutions subject to their prudential supervision, update the information referred to in points (a) to (c) of Article 143(1) of that Directive on a regular basis, and in any event by 30 June of each year, unless there is no change in the information last published.’

(2) Annex I is replaced by the text in Annex I to this Regulation;

(3) Annex II is replaced by the text in Annex II to this Regulation;

(4) Annex III is replaced by the text in Annex III to this Regulation;

(5) Annex IV is replaced by the text 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 and shall apply from...

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the
Commission
The President
ANNEXES

Please see separate files:

Annex I – Rules and Guidance
Annex II – Options and Discretions
Annex III - Supervisory review and evaluation process (SREP)
Annex IV – Aggregate statistical data
5. Accompanying documents

5.1 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 this Consultation Paper on the draft ITS amending Commission Implementing Regulation (EU) 650/2014 (“the Draft ITS”) with regard to supervisory disclosure. 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

Article 143(1) of the CRD sets out requirements for competent authorities to publicly disclose certain information (“the supervisory information”), namely their texts of laws, regulations, administrative rules and general guidance adopted in their Member State pursuant to the prudential regulation, the manner of exercise of the options and discretions available, general criteria and methodologies they use in the supervisory review and evaluation, and aggregate statistical data on key aspects of the implementation of the CRD in their Member State. Article 143(3) of the CRD mandates the EBA to develop ITS to determine the format, structure, contents list and annual publication date of this information. Thus, Commission Implementing Regulation (EU) 650/2014 was adopted by the Commission and published in the EU Official Journal on the 4 June 2014 and then, on 28 May 2019 it was amended by Commission Implementing Regulation (EU) 2019/912 in order to reflect the EU supervisory landscape changes, new regulations and guidelines affecting supervisory disclosure.

Since then, new legislation as CRD V and CRR2 have been adopted but no amendment of the Commission Implementing Regulation (EU) 650/2014 was made. Furthermore, aggregate statistical data have not been fully aligned with latest version of the ITS on supervisory reporting. Finally the EBA has already developed and published a separate and specific ITS on supervisory disclosure under Investment Firm Directive on 25 June 2021 (adopted by European Commission on 8 March 2022) for investment firms and this separate treatment for investment firms has not been yet reflected in the Commission Implementing Regulation (EU) 650/2014.

B. Policy objectives

The draft ITS amending Commission Implementing Regulation (EU) 650/2014 aims at updating the format, structure, contents list and annual publication date of the supervisory disclosure
requirements to be in line with the regulatory framework changes since the last update of Commission Implementing Regulation (EU) 650/2014 made in May 2019.

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 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.

Updating the content of the Commission Implementing Regulation (EU) 650/2014

The EBA considered two policy options regarding the necessity of updating the Commission Implementing Regulation (EU) 650/2014.

Option 1a: not elaborating a new ITS to amend the Commission Implementing Regulation (EU) 650/2014

Option 1b: elaborating a new ITS to amend the Commission Implementing Regulation (EU) 650/2014

As briefly mentioned in the rationale, the following three points were not reflected into the current Commission Implementing Regulation (EU) 650/2014:

- The aggregate statistical data are not fully aligned with the latest version of the ITS on supervisory reporting
- Since 8 March 2022, and the adoption of the Commission Implementing Regulation (EU) 2022/389 there is a separate and specific text for investment firms

It is necessary to reflect them in the Commission Implementing Regulation (EU) 650/2014 in order to align the format, structure and contents list of the supervisory information. This would provide the benefit of a fair and accurate disclosure in relation to the implementation of the European rules among CAs. This would then help achieving further harmonisation and reflecting the scope and the split of responsibilities between ECB and National Competent Authorities (“NCAs”) within the banking union. Furthermore, by amending the existing supervisory disclosure framework, the reflection in the Commission Implementing Regulation (EU) 650/2014 of the regulatory changes shall enhance the quality of the reported data, improve market transparency and provide to external participants the ability to monitor supervisory practices.

On the cost side, no significant additional costs for institutions are envisaged in relation to the implementation of this Draft ITS given that it remains addressed to Competent Authorities (“CAs”). Moreover, the quantity of information to publish does not significantly change and the frequency
of publication of this information remains annual. Thus, it is not envisaged to require additional resources, IT-related costs, etc. for the CAs in regard to work derived of this. Thus, the cost of the implementation of the amending ITS, is potentially negligible.

On these grounds, the **Option 1b has been chosen as the preferred option**

**Reporting date**

Specific discussions were held by the EBA on the annual reference date of the publication by NCAs of the information detailed in Article 143(1)(d) of the CRD (i.e. the aggregate statistical data on key aspects of the implementation of the prudential framework in each Member State). Until now, the Commission Implementing Regulation (EU) 650/2014 requests this publication by the 31 July of each year.

**Option 2a: Keeping the publication date as already in place (i.e. 31 July of each year)**

**Option 2b: Set the publication date to 30 June of each year.**

The date of 31 July of each year for updating the information has proven to be inconvenient for CAs in the past. Besides, CAs get supervisory data, which is used for publication of the information, by 11 February each year in accordance with Article 3 of the Commission implementing regulation 2021/451 mandated in Article 430(7) of the Regulation EU 575/2013 as amended (“CRR2”). Furthermore, in their separate specific supervisory disclosure regulation of March 2022 (Commission Implementing Regulation (EU) 2022/389), the annual publication date has already been set as at 30 June for investment firms. Choosing this option for credit institutions implies much better timing for competent authorities and should hence reduce their publication burden.

On the cost side, no additional costs for institutions are envisaged in relation to this date given that it remains addressed to CAs. On the CAs side, no additional costs are foreseen with this change of timing.

Based on the above considerations, the **Option 2b has been chosen as the preferred option**

**D. Conclusion**

The Draft ITS will amend the Commission Implementing Regulation (EU) 650/2014 and as such update the supervisory disclosure requirements in accordance with the regulatory changes that arose since the last amendment of 2019. For the institutions, the Draft ITS amendments are not expected to trigger costs given that the Commission Implementing Regulation (EU) 650/2014 remains addressed to CAs. For the CAs it is not envisaged to require additional costs. Overall, the impact assessment on the Draft ITS suggests that the expected benefits are higher than the incurred expected costs.
5.2 Overview of questions for consultation

Q01: Are the Annexes clear to the respondents?

Q02: Do the respondents identify any discrepancies between these Annexes and the requirements set out in the underlying regulation?

Q03: Do the respondents agree that the amended ITS fits the purpose of the underlying regulation?