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Launched in 1960, the European Banking Federation is the voice of the European banking sector from the European Union and European Free Trade Association countries. The EBF represents the interests of some 4,500 banks, large and small, wholesale and retail, local and cross-border financial institutions. Together, these banks account for over 80% of the total assets and deposits and some 80% of all bank loans in the EU alone.

EBF Draft Response to EBA consultation on Draft Implementing Technical Standards on Additional Liquidity Monitoring Metrics under Article 403(2) of the draft Capital Requirements Regulation (CRR)(EBA/CP/2013/18)

The EBF welcomes the opportunity to comment on the EBA consultation paper related to the draft implementing technical standards on additional liquidity monitoring metrics under Article 403(2) of the draft Capital Requirements Regulation (CRR).

In general, we do agree with the scheme of reporting and the type of information required. However, with regard to the following:

- (i) the reports must be produced both on an individual and consolidated basis;
- (ii) templates are numerous and particularly granular;
- (iii) in many cases, a reporting by currency is required;
- (iv) the proposed frequency is monthly;

we find the impacts somewhat disproportionately severe and invasive. Overall, we feel that the amount of new information to be reported to EBA is great and that the reporting templates are complex. They will generate significant additional costs without necessarily creating much added value for banking supervision. We ask EBA to balance the added-value of the new reporting with their costs when setting the reporting framework, and to simplify the reporting framework. Moreover, we ask EBA to leave enough time to institutions to implement these new reporting templates.

Below we provide some general comments and a summary of our proposal before addressing the specific questions of the consultation.

General Remarks

Need for simplification

It seems to us that the reporting framework considered by the EBA is rather complex and costly to implement. Indeed, there are potentially seven new metrics (among which four were not proposed by Basel: i.e. the reporting on the behavioural flows maturity ladder; the reporting on the prices for various lengths of funding, the reporting on expired and renewable transactions and the reporting on the composition of the HQLA) to report, on a solo and consolidated basis, and by currency. For a group with 100 individual entities declaring on a solo basis, with an average number of significant currencies of 2, that makes 1400 monthly reporting metrics. Are we certain that the cost of implementation balances

the added value? Will the supervisor have enough resources to monitor efficiently such a number of reporting metrics, which complexity is varied but which are generally not straightforward? We think that the number and complexity of reporting is such that it may divert resources that would have been otherwise useful to monitor the liquidity risk of the bank on pure reporting tasks with no added-value.

Thus, we would like to suggest some ways to simplify the reporting framework:

- Eliminating some reporting metrics which added value is limited:
 - For example, the renewal of funding, which is ill-defined;
 - The “behavioural maturity ladder”, which to our understanding is in fact a forecasted maturity ladder based on the budget and the refinancing plan. These last elements, should they be reported, could be requested in dedicated cells in the contractual maturity ladder without creating the need to implement a whole new reporting template;
 - The concentration of liquid assets: indeed, it is important for banks to monitor the concentration of their liquid assets, but it appears to us that this risk is more a credit risk issue than a liquidity issue.
- Simplifying the reporting templates:
 - We urge the EBA not to add new concepts in the maturity ladder compared to the Stable Funding (SF) reporting framework, when their added-value is not obvious. This is for example the case with the reporting on interest flows or for the notion of resident / non-resident applied to retail deposits for cross-border financing. More generally, an alignment of the maturity ladder format with the SF format would allow to lower the implementation costs.
- Being more flexible in terms of exemptions that can be granted to report on a solo and consolidated basis, and by currency.

A simplification route would be to make the most of Liquidity Coverage Requirement (LCR) and SF reports, potentially by enriching/duplicating them with the same breakdown requirements.

Need to distinguish between two types of reporting, with a different level of data quality requirement

The type and the detail of the information required for the additional liquidity monitoring metrics are very different from a template to another. It seems to us that there are in fact two types of reporting:

- one type of reporting (LCR, NSFR and the contractual maturity ladder) which aim at covering all the balance sheet;
- another type of reporting, which are more related to internal indicators used to monitor the activity and not based on accounting data, (concentration of funding, renewal of funding if retained, cost of funding).

To lower the cost of implementation without lessening the quality of the bank supervision, it seems to us that a simple solution would be to recognise clearly that there are two kinds of reporting metrics and that the level of data quality requirement is different for each of them:

- reconciliation with accounting would be required for the first type of reporting;
- this would not be the case for the second type of reporting, based on data of front-office quality and possibly already existing internal indicators.

Moreover, it should be clearly stated that the perimeter of these two types of reporting is not the same:

- the first type of reporting is based on the totality of the balance sheet;
- the second type is based on wholesale funding and long-term refinancing teams.

It is not really clear whether the concentration by product should be an indicator based on the balance sheet or based on the wholesale funding. As it is now, it seems more related to the LCR and maturity ladder than to the other indicators that should be internally reported.

Scope and Consolidation

To lower the reporting burden, we suggest adjusting the perimeter requirements for the reporting metrics related to internal wholesale indicators:

- none of the additional liquidity monitoring metrics should be subject to the significant currency/significant branch breakdown requirements.
- Entities with lower than €50bn balance sheet should not be subject to additional liquidity monitoring metrics;
- the funding reports would be required on an individual basis only for entities which market funding, external to the Group, is significant;
 - Otherwise these entities will report a significant concentration of funding without it being significant;
 - The waivers could be granted by supervisors on a case-by-case basis, taking into account the situation of individual entities.

Moreover, the threshold of 1% evoked in chapter XX §3 of the ITS is too low a threshold as far as proportionality is concerned: it should be a 5% threshold.

The criterion related to Chapter XX §3 (i) is too restrictive for large cross-border banking groups. We propose to adjust it as described in our response to Question 2 on the application of the proportionality principle.

Europe should be considered as one single jurisdiction:

Aside from our call not to introduce new dimensions in the report (cf. infra), including 'resident' and 'cross border' dimensions, we strongly recommend that EBA makes clear that Europe should be considered as a single country and that consequently:

- 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.

It also should be made clear that

- the Single Supervisory Mechanism (SSM) should be considered as one competent authority to apply the 5% threshold test.

- the country where the entity is incorporated is the driver to allocate a country to a transaction. In other words, a transaction between a branch in the UK of a French entity and a branch in Germany of a Belgium entity is considered a transaction between France and Belgium.

Not enough time to implement these new tools

As a general rule, we would favour a minimum timeframe between the publication of the final reporting templates and the beginning of the reporting to be at least one year. The timing of implementation of the new reporting framework is also quite important as it will require significant time to obtain the relevant information and adapting to the new templates.

This is all the more the case considering that the LCR and the SF templates are not yet finalised. Furthermore, it would be appropriate to allow banks to “gradually” achieve the regulatory framework, especially in the initial phase of monitoring.

The phase-in could be achieved by:

- 1) starting on a consolidated basis monitoring (pending the waiver to the monitoring on an individual basis issued by the competent authorities);
- 2) reducing the number of reports (for example, leaving the behavioural maturity ladder, the roll over analysis and the price/volume of funding analysis to a second phase);
- 3) expanding monitoring frequencies (from monthly to at least quarterly).

Other overarching questions and thoughts

1. How will the authorities use this report?
2. The report does not ask for a balanced balance sheet which we recommend for the sake of proving completeness.
3. In principle the report should be easy to understand and related to how banks manage their liquidity maturity ladders.
4. In principle the report should seek to be easily reconcilable to the statutory balance sheet – though it will be based on a cash position rather than the accounting one.
5. Is there a signage convention with outflows being recorded as negative and inflows as positive?

Mismatch Report – Contractual

Contractual Flow Maturity

The type of information asked for this reporting is comparable to the one asked for the SF but the detail is very different. This complicates considerably the implementation of this reporting. As mentioned above, we recommend an alignment of the categories to report under the SF framework and in the maturity ladder.

Currently, we can see that a lot of complementary details are to be supplied in the maturity ladder, among which:

In the “Outflows”

- Line **“1.4 Retail deposits”** and **“1.5 [...]”** corresponding to **wholesale deposits not supplied by financial customers**: the split between resident and non-resident deposits;

- Line **“1.6 Liabilities not reported in (Liabilities from secured lending and capital market driven transactions as defined in article 188 of CRR), resulting from deposits by clients that are financial customers”**: the split between “Domestic financial customers” and “Cross-border financial customers”;
- The line **“1.7 FX-Swaps maturing”**;
- The line **“interest flows due”**.

Characteristics not already collected for the LCR, in the “Inflows”

- Line **“2.3 Monies due from financial customers”**: the split between **“Domestic financial customers”** and **“Cross-border financial customers”**
- The lines, **“2.4 FX-Swaps maturing”**;
- The line **“interest flows due”**.

It seems to us that the counterbalancing capacity has no interest, as it is a piece of information needed to operate a stress, which is furthermore already reported under the LCR.

Mismatch Report – Behavioural

Behavioural Flow Maturity

As previously stated, the added-value of this reporting template is not obvious. If the EBA estimates that budget and refinancing plan forecasts are useful, they could be required in dedicated lines of the contractual maturity ladder.

Moreover, the time buckets proposed do not seem to be relevant, especially for the last three ones, as budget and refinancing plans are usually not supplied on a long-term basis. If the purpose of the reports is to build up a strategic business plan, then the short-term maturities should not be considered and, vice versa, the report should just focus on medium/long-term maturities. Business Plans are generally annual and usually over a horizon of not more than three-years, so even the time buckets proposed should better reflect this. If the purpose of this report is "strategic", then the frequency should be only annual.

The behavioural form has maturities up to 10 years and beyond. An estimation of new business activities over a time horizon of 10 years is too long and meaningless for the time buckets above three years at most. It would imply, for example, that all loans banks intend on making are included and would result in a number close to infinity. The report needs to be restricted to a reasonable planning horizon for this purpose e.g. 1 to 3 year with yearly time buckets.

Alternatively, the behavioural report should have the same row headings as that for the contractual report but should also show how the bank expects to adjust the contractual position to reflect customers' normal behaviour, the value of liquid assets in the short term, etc.

The behavioral maturity ladder could be built through the adoption of percentages based on internal behavioral models rather than with reference to the business plan. In this case the forecast would be made on the basis of historic volatility and no longer on the basis of the commercial business plan.

With respect to derivatives flows, both ladders (contractual and behavioral) are highly prescriptive and detailed and go beyond what is currently required in the CRR. The implementation of the treatment of derivative flows is therefore very challenging from an organisational point of view.

Counterparty Report

Concentration of funding by counterparty

This template could raise a general problem of confidentiality, especially for private banking. More specifically, another problem concerns securities issuances as the name of the counterparty is not always known.

Product Concentration Report

Considering the LCR report, the value added of the product concentration report is not clear: we suggest to delete this report.

Also, should this report also include unsecured issuance? If so should it be separated from other types of wholesale funding perhaps showing the following as separate lines:

- Commercial paper
- Certificates of Deposit
- Medium Term Notes
- Subordinated Debt
- Contingent Convertible Capital (CoCos)

For own issuances it is assumed that the holder of the instrument will be the first owner as it is not always possible to know what happens to tradable debt post issuance.

Prices for various Lengths of Funding Report

This reporting normally implies that banks have –in addition to the risk free rate- to calculate the spread (liquidity premium and credit risk premium) which is not foreseen in Basel III.

As was discussed during the public hearing, funding rates are easily misinterpreted. As an example, one of the participants mentioned the potential for an internationally active bank to obtain USD funding in a jurisdiction with a temporarily elevated supply of USD funding. If the funding rates of such an institution were compared to those of an institution that cannot access that market, the second institution's funding rates might unjustly be interpreted as a sign of stress. We therefore advocate the removal of funding rates from the reporting templates and to integrate them in the European ILAAP process that is currently being developed. Should funding rates continue to be included in the templates, it should be

confirmed that spreads are to be quoted on new deals in the reporting period and not for the whole book.

Further, as these figures are very sensitive, the confidentiality should be safeguarded at all times. The same applies to the rollover of funding.

Confirmation that this report does not cover, for example, retail deposits and only those wholesale funding deals (including own issuance?) which are entered into by reference to a market rate is needed.

Roll-Over Funding Report

Rollover of funding

The methodology and aim of this indicator are not clear at all. Further instructions would be needed to ensure a common interpretation and implementation across Europe. Confirmation of what types of cash deposit are to be included in this report e.g. are retail deposits to be reported – assumed not to be? Why is unsecured own issuance not included (e.g. Commercial paper and certificates of deposit)?

We suggest that this report relate exclusively to wholesale funding sources.

Other specific questions:

1. What is the treatment of a forward start? E.g. forward start of an issuance - should it be recorded at all, and if it is to be recorded, should it be as a negative outflow (preferred) rather than somewhere amongst the inflow lines?
2. What is the treatment of a short?
3. What is the treatment of bonds borrowed and bonds lent i.e. the treatment of non-cash items?
4. Is the report required for both all currencies combined and also for the major currencies traded?
5. If the report is to be produced by currency how should a cross currency report be reported?
6. What is the treatment of a repo and a reverse repo. How should differing haircuts for the repo vs the reverse repo be dealt with?
7. It is not clear whether the report should be based on a position or security flow. It is asking for the cash flow position.
8. This raises the question on how to treat a reverse repo funded by an unsecured deposit, for example. E.g.: Assume EUR100 of an overnight deposit from a financial customer are used to reverse in a gilt for 1 month from another financial customer. What is the treatment? Line 1.6.1 col 2 for the deposit. But should the Loan be recorded on line 2.1.1 col 5 and/or the unencumbered security on line 3.3.1.1 in col 1 or col 11 if the underlying security has a final maturity of 4 years?
9. Confirmation is needed that own issuance should be reported at face value for the earliest redemption and not at current market value.
10. The concept of an overnight category should be dropped because of the varied public holidays. I should include the next working day within the 1 week period.
11. Clarification of what is meant by a non-resident when the report covers a consolidated set of accounts. E.g.: If the consolidated bank is registered in France but it has a subsidiary in Singapore should the deposits of the residents of Singapore deposited with the Singapore subsidiary be treated as a resident or non-resident. An example of how the authorities expect to use the report would be helpful.

12. The example also raises the question of how cross border exposures will be highlighted.
13. Confirmation and explanation as to why FX trades are to be grossed up is needed.
14. There are examples of contractually due undrawn commitments – e.g. for stepped payments. Yet these are not included on the contractual report.
15. We are not clear why the counterbalancing capacity is by reference to Central Bankeligibility and not to liquid asset buffer eligibility.
16. Under counterbalancing capacity we are not clear of the value of splitting central bank eligible between that which is lodged with the Central Bank and that which is eligible but not lodged.
17. Concerning concentration of counterparty, in the sheet COF counterparty, where product type, currency and amount should be filled for Top 10 counterparties, it is not clear what shall be filled in case a counterparty uses more products and different currencies. Also, competent authorities should take into account that these counterparties might change their behaviour if they do not want to show up on the top ten list.
18. How is intragroup information to be reported on group level?
19. Sheet Roll-overs (and the whole "Role-over" metric) is not described sufficiently. It should be described in more detail to be comprehensible.
20. Huge amount of additional information will be provided to National Competent Authorities (NCAs) while justification for additional data collection is rather vague. How will the information be used for supervision and to what end? Do the NCAs have the necessary resources to use the information?

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Related documents: <http://www.eba.europa.eu/documents/10180/204373/CP-on-additional-monitoring-metrics-for-liquidity--final-to-be-published.pdf>

Summary of EBF Proposal

Report	In BCBS ?	Our Proposal			Frequency Q: Quarterly Y: Yearly	If reports are retained Exemption Clauses	
		✓ Keep ✎ Modify ✗ Delete	Comments	Mg ^t data only ¹		Criterion #1	Criterion #2
Maturity Ladder	✓	✎ to derive from SF report	Suffice is to add time bands to the SF report beyond 1 year horizon		Q	<5% of the entities in the scope of the supervisor (with SSM being considered one supervisor) OR <€50bn balance sheet	
Behaviour Ladder	✗	✎ if behavior-oriented, to derive from SF report	Duplicate <i>Maturity Ladder</i> -enriched SF report and fill in with expected behavioural amounts rather than contractual amounts		Q		If business-plan oriented and the entity is funded 95% by intragroup.
	✗	✗ if business plan oriented	Duplicate <i>Maturity Ladder</i> -enriched SF report and fill in with expected <i>dynamic</i> amounts rather than contractual amounts		Y		
Funding Concentration	✓	✓	Scope to be focused on main unsecured wholesale funding sources	✓	Q		If the entity is funded for more than 95% by intra-group or non-wholesale funding.
Product Concentration	✓	✗ to derive from LCR	The breakdown of retail funding sources is un-necessary. Suffice is to consider aggregated amount from LCR report		Q		
Funding Prices	✗	✗	If retained, scope to be focused on main unsecured wholesale funding sources	✓	Q		
Funding Roll over	✗	✗		✓	Q		
Buffer Concentration	✗	✗		✓	Q	Buffer < €10bn	

Additional Liquidity Reports should not be subject to the Significant Currency / Significant Branch breakdown. Remittance period should all be 30 day.

¹ Reports derived from Data from Liquidity Risk Management Systems (ie: no accounting system)

Response to Consultation Questions:

Q.1 Are the proposed remittance dates feasible? Does the specification in paragraph 2 give sufficient clarity on which flows are included and excluded for the purposes of this RTS? If not, please provide us with an alternative specification.

The final remittance date shall be consistent with the final remittance date for SF. A remittance date of 15 days would be detrimental to the data quality. Further, it will make reconciliations to financial statements impossible, since these are reported on a 30 day remittance period. Remittance dates for monitoring metrics and other regulatory reports should be adapted to reduce pressure on time and personnel resources and would allow a better control of data quality. Any short term information needs can be met with the LCR reporting which remittance date will be the 15th calendar date every month. As for the LCR, we are skeptical that the remittance delay of 15 calendar days allows a sufficient quality of data to be supplied to the supervisor, notably concerning the maturity ladder which should be produced in a similar way as the SF.

The first type of reporting (LCR, SF, and contractual maturity ladder) aiming at covering all the balance sheet are expected to reconcile with accounting data. This could prove challenging as reconciled accounting data may not be available within the suggested timeframe. The objective of the metrics should be clarified, i.e. do we consider them as a monitoring/risk management template (in which case accounting reconciliation may not be relevant) or a financial reporting template (in which case we move away from the purpose of the monitoring function / risk management tool of the metrics)?

With regard to the application date, we would recommend to grant a one year horizon for the implementation of the extensive and new reporting requirements of the monitoring metrics, beginning from the date the final ITS is published. As the commission will receive the final ITS in January 2014, the earliest application date we see is 31 March 2015

In addition to this, consolidated reports have to be produced as well within 15 calendar days. For lots of banks, it will be very challenging receiving the information from sub-entities for the consolidation, reconciling figures and then producing the new reports on time.

The remittance delay for the consolidated reports should be longer than the one for the individual reports considering the work of intragroup reconciliation.

Q.2 Are the proposed frequency dates feasible? Has the proportionality been adequately considered?

In our view an annual reporting on the liquidity and funding plan with updates for the contractual maturity ladder would be more appropriate.

Given a sufficiently long transitional phase of for example 1-2 years, it could be appropriate to ask for a lower reporting frequency due to the fact that all the variables considered (e.g. concentration of funding by product type, prices for various lengths of funding,) do not have a volatility that would justify a monthly collection period. Here, the EBF suggests that a quarterly frequency should be retained. Furthermore, it should be remembered that competent authorities have the power to require higher frequencies at all times (in particular in times of crisis or at the first signs of deterioration in the position of a single institution). As a matter of proportionality, we would like to suggest that the additional

liquidity monitoring metrics would depend on the “level” of the LCR of the institutions concerned (i.e. the smaller banks and less complex ones may report information required on a semi-annual basis).

To lower the reporting burden, we suggest adjusting the perimeter requirements for the data related to internal indicators monitored by the Treasury:

- none of the additional liquidity monitoring metrics should be subject to the significant currency/significant branch breakdown requirements;
- Entities with lower than €50bn balance sheet should not be subject to additional liquidity monitoring metrics;
- the funding reports would be required on an individual basis only for entities which market funding, external to the Group, is significant;
 - Otherwise these entities will report a significant concentration of funding without it to be significant;
 - The waivers could be granted by supervisors on a case-by-case basis, taking into account the situation of individual entities.

In addition to the waiver for the frequency of reporting, there should be the possibility to waive reporting requirements for entities. The implementation of the reporting requirements are time, personnel and cost consuming. Therefore it is necessary that the institutions have certainty about any waiver decision of the supervisor reasonably before the reporting requirements enter into force.

The EBF find that a quarterly reporting of the metrics is sufficient, especially due to the fact that short term risks and in-/outflows should be covered by the LCR. Further, it would be in line with the frequency of the SF. An optional additional daily reporting of the metrics (in line with the LCR reporting requirement where in case of a stress scenario, the authority might require a daily reporting) would be redundant as no material changes are expected for the buckets with a maturity > 3 Months and (as stated above) a daily LCR covers the relevant risks of stress. An exception of this might be the templates on concentration of funding by counterparty and roll over of funding, where a monthly frequency seems reasonable.

Under “2. Executive Summary” it is stated that the monitoring metrics should “...provide insights into the extent to which a bank relies on maturity transformation under its current contracts. Therefore, we do not understand the necessity of the template covering the “behavioural inflows” and propose to delete this template. Also, the comparability of this template appears to be limited. Liquidity shortcomings should be more transparent from the contractual cash flows, the LCR and NSFR than from business plans which are based on a scenario that the institutions expects to happen.

We are of the opinion that the quarterly reporting of the behavioural template should be omitted. It will only include business expectations. Moreover, the business plans of banks will not have the same granularity and product split.

In case the quarterly reporting behavioural template would be required, the behavioural reporting has to relate to a maximum 3 year time horizon with a yearly reporting frequency.

In terms of application scope for reporting entities, in application of the proportionality principle, EBF suggests to modify Article XX(3) as described below:

As an exception from paragraphs 1 and 2, institutions ~~may~~**should not** report the information described therein ~~with a quarterly reporting frequency, from the following year, where all of the following requirements are met:~~ (i) ~~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;~~ (ii) **when** the ratio of the ~~individual~~ balance sheet total of an institution, **consolidated Group or Liquidity Sub Group** to the sum of individual balance sheet totals of all institutions under the supervision of its competent authority is below **one of the two thresholds below:**

- i. ~~1%,5%~~ 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. **The scope of the Single Supervisory Mechanism is considered as one competent authority.**
- ii. **Balance sheet greater than €50bn.**

Q.3 Is the above 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-based threshold or other quantitative criteria? If so, by which?

The size threshold should be raised to 5% of total assets, and may be complemented by some threshold on LCR calculation. It should also reconsider the criterion according to which “the institution does not form part of a group with subsidiaries or parent institution located in jurisdictions other than the one of its competent authority.” On the basis of this criterion, no bank part of a cross-border group could benefit from a lower frequency of monitoring. That seems odd in light of the fact that the group consolidated position should already comply with the more restrictive frequency limits. Needless to say, competent authorities can always increase the reporting frequency if they desire to do so.

Reporting frequency should also be tied to the overall liquidity environment and market conditions, as well as consideration of latest regulatory visits.

In terms of application scope for reporting entities, in application of the proportionality principle, EBF suggests to modify Article XX(3) as described below:

As an exception from paragraphs 1 and 2, institutions ~~may~~**should not** report the information described therein ~~with a quarterly reporting frequency, from the following year, where all of the following requirements are met:~~ (i) ~~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;~~ (ii) **when** the ratio of the ~~individual~~ balance sheet total of an institution, **consolidated Group or Liquidity Sub Group** to the sum of individual balance sheet totals of all institutions under the supervision of its competent authority is below **one of the two thresholds below:**

- i. ~~1%,5%~~ 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. **The scope of the Single Supervisory Mechanism is considered as one competent authority.**
- ii. **Balance sheet greater than €50bn**

Q.4 Are the reporting templates and instructions sufficiently clear? Shall some parts be clarified? Shall some rows/columns be added or deleted?

As already mentioned in our General Remarks, there is a genuine need for a higher simplification by bringing the specifications more in line with the CRR/LCR and SF, as well as a need for a further distinction between the two types of reports, with a different level of data quality requirements.

The templates, instructions and perimeter of the requested data should be more clearly specified, notably concerning the price of funding, the concentration by counterparty and the roll-over of funding (if maintained): it should be clearly specified that these reports are based only on wholesale funding and long-term refinancing teams.

About the template "Behavioural Flow Maturity":

- Time buckets: the time buckets proposed do not seem to be relevant, especially for the last three ones, as budget and refinancing plans are usually not supplied on a long-term basis.

About the template "Roll over of funding":

- Scope: the types of funding are not specified. The scope should be specified to have a clear information about the funding of the institution.
- Positioning: it is not clear the instruction on how to fill out the template concerning the positioning with regard to the reference date. Is it a past view or a future view? Do we fill the funding with regard to the last thirty days or with regard to the next thirty days considering the reference date?
- Should a new funding transaction appear only in one line (the value date), or should it appear on the value date and the following dates? Do the time buckets correspond to residual maturities?

The positions should be furthermore (as far as possible) in line with SF report (i.e. exclude cash flows from non-financial activities like taxes, bonuses etc.). Some examples:

- The reporting of the counterbalancing capacity mix up market values and contractual cash flows.
- According to the descriptions, the behavioural cash flows requires contractual cash flows instead of expected/behavioural cash flows. (e.g. Behavioural template row 28: "2.2. Monies expected from customers that are not financial customers: ... This shall only consist of contractual principal payments... Shall be reported at the latest contractual date for repayment..."). This is not consistent with a going-concern assumption.
- Do the behavioural cashflows include the contractual cashflows or is it a delta approach only? E.g. the contractual cashflows of sight deposits is 100 outflow overnight, but the bank expects outflows of 5% per month. The reporting of the contractual outflows is: 100 outflow overnight.
- Should the behavioural outflows be reported as:
 - 100 inflow overnight (offsetting the contractual outflows which have been reported in the separate contractual outflow template) and 5 outflows for each of the following 20 months (expected outflow bucket). This means the contractual cash flow table and behavioural cash flows are additive.

Or should the behavioural cashflows be reported as :

- 5 outflows for each of the following 20 months without any offsetting amount for the contractual cash flow (i.e. the numbers of the behavioural template can be used independently from the contractual cashflow table)?
- What is the definition of the position in the template Behavioural Cashflows 1.6 Cash outflows results from new own investments?" E.g. 100 exposure of retail short term loans, contractual

cashflows are five per month. Business planning shows an increase of the loan portfolio to 150 within the next 12 months. What has to be reported as new own investment, and which part has to be reported in the behavioural cashflows for retail loans?

- Cash flows from interest, dividends etc. should be deleted from all columns above one year. Due to the different maturity structure of assets and liabilities the related contractual income and cost numbers distort an appropriate analysis of the liquidity cash flow structure. (Example: If a 10 year term deposit has been invested in short term assets (1year) the liquidity metrics will show for year 2 to 10 (interest) outflows without any offsetting interest inflows from the reinvestment in year 2.
- Furthermore the exclusion of inflows for past due exposures is not in line with the reality. Basically, the amounts which have been taken into account for the balance sheet should also be shown in the liquidity metrics (possibly with an adjusted maturity structure).

Further clarification is sought on the following:

1. It is not clear if the monitoring tools shall be broken down by relevant currencies.
2. Maturity Ladder - Behavioural flows: it is not really clear what the aim of this kind of reporting is:
 - Treasury cash flows are normally seen as a complement to the bank's core business movements;
 - If behavioural flows are based on a base-case economic scenario, which is the one used by the institution in its current business planning, should only the "core business" movement be reported? If so, we do not really understand the items cash outflows and cash inflows "relating from secured lending and capital market driven transactions as defined in Article 188 of CRR"? Furthermore, why place so much emphasis on financial flows (that does not represent the core business of a commercial bank)?
 - Cash inflows and outflows resulting from new FX-swaps are meaningful only if the reporting is done by currency. Is that the case?
 - Where do we show expected outflow from call deposit accounts and the lack of expected outflow from loans contractually due at call or within a short time frame, e.g. credit card loans and overdrafts?
 - Should forward starts appear only on the behavioural form even though they are contractually agreed?
 - How should credit cards and other structured assets with minimum repayment flows be treated on each of the forms?
 - In the event of sight/non-maturing deposits, please kindly advise what outflow rate you consider in this template. Please also advise whether the outflow rate that you consider applying will be constant across client type (non-financial customers, financial customers (of which intragroup entities)).
 - We would like you to advise whether it makes sense to insert customer sight / non-maturing deposits in the contractual template rather than the behavioural template. We consider that it makes more sense to apply banks' deposits run-off assumptions in the behavioural template.
 - Please kindly advise how the domiciliation of investment fund is considered, i.e. do we consider the domicile of the client or the domicile of the fund jurisdiction?
 - Overdrafts in contractual template: Please kindly advise whether you consider including overdrafts in '2.2. Monies due from non-financial customers / 2.3. Monies due from financial customers' and whether these 'open maturity' overdraft shall be included at 100% or at a lower

rate, in the bucket 'open maturity'. If not, please advise where you would report overdraft balances.

- Nostro balances in contractual template: Please advise whether nostro balances must be included in '2.3. Monies due from financial customers', and advise time bucket to be used (please confirm 'open maturity'). If not, please advise where you would report nostro balances.
- Intragroup interest payments in contractual template: where / which line shall they be entered? Interests 2.7.1 or intragroup 2.3.2.1.1?
- How do you consider netting for data which would have a different time bucket depending on the template used (behavioural vs contractual)? We can use the example of prepayment of interests and principal on bonds (behavioural, earlier time bucket than the contractual template which would consider the contractual interests and maturity payments)?
- Behavioural template (1.1. Cash outflows related to new loans granted): Does it include potential overdrafts? If so, how do we modelise this?
- Behavioural template (1.9. Other expected cash outflows): Please kindly confirm the treatment of sight / non-maturing deposits versus contractual template, i.e. shall we put our deposits run off assumptions (percentage) in the behavioural template? If so, does that mean that we must use 100% of sight/non-maturing deposits in the contractual template?
- Behavioural template (2.2. Monies expected from customers that are not financial customers): The consultation paper says that this field can be reported net of expected outflows. Please kindly be more specific, i.e. let us know whether it should be reported net of expected outflows, or not.
- Behavioural template (2.7. Other expected cash inflows): Is this where you would mention expected prepayments on bonds? How do you then compare these expected prepayments in behavioural template versus bonds contractual maturities in contractual template? What would the potential methodology for netting (or avoidance of double counting) be?

3. Potential additions on concentrations in counterbalancing capacity:

- data for COF-funding counterparty template would be rather difficult to collect as the holders of marketable bonds are not known to the bank except at issuance. Clarification would be welcomed.
- it is not clear if the template on page 18 (template that could be inserted as a third tab into Annex III) refers only to assets in the LCR liquidity buffer or to all central bank eligible assets + other non-central bank eligible but tradable assets such as equities and gold (as it seems from the list of product type);
- with reference to "product type" category, should financial bonds be included in the "Senior Bond" product type? And what about own financial bonds? Should they be included as well? Should Retained Covered Bonds be included in the product type "Covered Bonds"?
- In columns "MTM value/nominal" and "Collateral value CB-eligible", should the unencumbered portion be reported only or also the encumbered one? What about assets taken via reverse repo? Should they be included as well?
- Please kindly advise whether this part of the template shall be filled on a position basis (considering the same position over the different time buckets make sense if the position has not been used for liquidity purposes) rather than on a cash flow basis.

- 3.3 Unencumbered Central Bank eligible assets: should the time bucket 'overnight' or 'open maturity' be used?
- The counterbalancing capacity sum formulas do not seem to be summed up correctly in the template.
- Instructions say that all security values must be reported at current market values at reporting date, while the template seems to consider values after the haircut (3.7 Sum of Counterbalancing capacity after haircut – 3.8 Cumulated Counterbalancing Capacity after haircut). There are however no built-in formulas to calculate values after haircut. Please kindly clarify.
- Shall we also use negative amounts in the template for items already considered in the inflow part of the contractual maturity ladder (ex: interest and principal received on investment portfolio securities in a given time bucket).

4. Prices for various lengths of funding: it should be clarified if reporting refers to both retail and wholesale funding or just wholesale. If retail funding is included, more granularity in terms of products should be requested (e.g. the item "Cash deposits" divided by retail and wholesale funding and by demands and maturing funding).

5. Concentration of funding by product type: due to the fact that the focus is on macro product categories, the threshold should be raised to at least 5%.

6. Rollover of funding template instructions should be clarified and maybe some justification for the data collection should be given. Specific questions:

- what funding should be included, also deposits?
- contractual or behavioural maturity?

Q.5 Could you indicate whether all the main drivers of costs and benefits have been identified in the table above? Are there any other costs or benefits missing? If yes, could you specify which ones?

The main drivers have been correctly identified. However, the type of impact (low/limited etc.) cannot be determined in advance, but it will be driven by the size and complexity of the balance sheet, and depend on the required granularity and remittance period.

Furthermore, the costs will be much lower if institutions will be able to replace all other regulatory obligations provided for by national regulators with a common shared reporting.

Furthermore, we are not convinced that the maturity ladder report, as proposed, will deliver the benefits anticipated.

No other costs and benefits have been identified. However, we are sceptical concerning the fact that the implementation of such a complex and heavy reporting framework will really benefit bank supervision. It would be more relevant to require the reporting of a more restrained but consistent set of reportings.

Q6: For institutions, could you indicate which type of costs (A1, A2, A3) are you more likely to incur? Could you explain what exactly drives these costs and give us an indication of their expected scale?

Additional information gathering will result in considerable one of costs in data collection and IT infrastructure. Ongoing costs will increase as additional staff resources are required to comply with the proposed reporting requirements. Also, costs for NCAs will increase considerably as they have to use the additional data or otherwise the information gathering cannot be justified. Low/limited impact cost estimates are underestimated.

One off IT costs are significantly understated. The required details are not always in line with internally used differentiations (e.g. time buckets or counterparty groups) and require various changes of a multi-stage complex IT infrastructure. The main costs will be mainly related to changes in systems and processes. The expected scale will be directly proportionate to the size of the Institution and the group.

A2 [IT infrastructure costs]: given the granularity of the information requested and the need, in all cases to have such information, across the whole group available by close of business (COB) if asked. COB +1 is more reasonable but still challenging.

Variable costs are driven by the complexity of the balance sheet and of the activity of an entity. There are also fixed costs when implementing the reporting on an individual entity. That is why the EBF favour a simplification of the rules concerning the scope and consolidation of the indicators.

Cost impact could be alleviated by reducing reporting frequency to semi-annual reporting and by extending the remittance timeline to 30 working days.

Q7: Do you agree with our analysis of the impact of the proposals in this CP? If not, can you provide any evidence or data that would explain why you disagree or might further inform our analysis of the likely impacts of the proposals?

Internationally harmonised regulatory requirements are preferred over different rules. However, the bulk and simultaneity of reporting requirements (LCR, Additional Liquidity Monitoring Metrics, Leverage Ratio etc.) combined with the short time for implementation is an overload of the industry and cannot be captured.

According to some European banks, the implementation costs on indicators such as the concentration of funding by counterparty, the prices for various lengths of funding and the roll-over of funding will depend on the data quality expected by the supervisor. That is why, as currently drafted, we do not agree that the compliance costs are low.

The compliance costs for indicators such as the contractual and behavioural maturity ladder will depend on the alignment of these indicators with the LCR and NSFR framework. New demands (splitting between cross-border flows and resident / non-resident deposits) could increase significantly the reporting burden.

The consistency of the proposed reporting with the LCR and financial reporting will need to be carefully considered. If these reports need to be remitted at the same time as the LCR (within 15 calendar days), there is an additional need for time-consuming cross-checks and reconciliation between the LCR and the additional reporting metrics. Therefore we suggest a remittance period of 30 calendar days.

Please also refer to our answer to Question 5 and 6.

