



EBA Consultation Paper
on
Draft Implementing Technical Standards
on
Supervisory reporting requirements for
liquidity coverage and stable funding
(EBA/CP/2012/05)

London, 07 June 2012

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I. Responding to this Consultation

EBA invites comments on all matters in this paper and in particular on the specific Section V/b

Comments are most helpful if they:

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

Please send your comments to the EBA by e-mail to CP-2012-5@eba.europa.eu by **27 August 2012**, indicating the reference 'EBA/CP/2012/05.' on the subject field.

Please note that comments submitted after the deadline, or sent to another e-mail address will not be processed.

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please indicate clearly and prominently in your submission any part you do not wish to be publically disclosed. A standard confidentiality statement in an e-mail message will not be treated as a request for non-disclosure. 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.

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II Executive Summary

The CRD IV proposals¹, (the draft so-called Capital Requirements Directive – henceforth ‘CRD’ and more in particular, the so-called Capital Requirements Regulation – henceforth ‘CRR’) which are expected to be applicable as of 1.1.2013, set out prudential requirements for EEA institutions.

The CRR contains, in a number of Articles, specific mandates which require the EBA to develop draft Implementing Technical Standards (henceforth ‘ITS’) related to supervisory reporting requirements (Articles 95, 96, 383, 403 and 417 of CRR). These ITS will be part of the single rulebook enhancing regulatory harmonisation in Europe with the particular aim of specifying uniform formats, frequencies and dates of prudential reporting as well as IT solutions to be applied by institutions and, as the case may be, investment firms in Europe.

The draft ITS are intended to be put forward as one integrated draft Regulation and this consultation paper consequently supplements EBA Consultation Paper CP50 on supervisory reporting for institutions, published on 20 December 2011². The draft ITS text proposed in the present document is an addition to the draft ITS text proposed in that CP and needs to be read in conjunction with it.

The rationale behind a single draft Regulation is that it is beneficial that reporting requirements are grouped together in one legal act to facilitate a comprehensive view, improved understanding and compact access to them by legal or natural persons subject to the obligations laid down herein. In the case of monitoring the implementation of new standards, the benefits of standardised data collection and IT solutions will reduce the burden on institutions and allow a more accurate examination of the impact of such standards.

This consultation paper puts forward proposals regarding the reporting requirements according to the mandate of the EBA provided in Article 481 of the CRR to monitor and evaluate the liquidity reporting requirements made in accordance with Article 403(1). This CP is not consulting on a number of items not specified in the CRR. Such matters include, but are not limited to, the

¹Proposal for a Directive of the European Parliament and of the Council on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms and amending Directive 2002/87/EC of the European Parliament and of the Council on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate’ (CRD), and ‘Proposal for a Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms’ (CRR). These European Commission proposals were published on 20th July 2011.

²See <http://eba.europa.eu/Publications/Consultation-Papers/All-consultations/Archive/CP41-CP50/CP50.aspx>

calibration of the liquidity standards, the definition of liquid assets, the scope of application and frequency of reporting.

Please note that the EBA has developed the present draft ITS based on the European Commission's legislative proposals for the CRR/CRD IV. Following the end of the consultation period, and to the extent that the final text of the CRR changes before the adoption of the ITS, the EBA will adapt its draft ITS accordingly to reflect any developments.

Following the close of the consultation on dd.mm, the EBA will assess the responses received, along with any relevant changes in the final CRR legislative text.

Main features of this ITS

The CRR specifies a new liquidity coverage requirement that would be applicable to all credit institutions no earlier than 1.1.2015, following a delegated act by the EC. Article 481 requires the EBA to, amongst other things, monitor and evaluate the reports submitted in accordance with this ITS and to report to the EC whether a specification of the general liquidity requirement would "have a material detrimental impact on the business and risk profile of Union institutions or on financial markets or the economy and bank lending...". With regard to a stable funding requirement, the article requires the EBA to submit a report to the EC on whether and how a stable funding requirement would be appropriate, together with a similar assessment on the impact on Union institutions, financial markets and bank lending.

The ITS has been developed on the basis of templates for liquidity reporting used by the EBA in compiling its "Report on the Basel III monitoring exercise"³ which were in turn based on those in the Quantitative Impact Study (QIS) carried out by the Basel Committee on Banking Supervision (BCBS), adapted for the purposes of the requirements put forward by the CRR.

The template consequently builds on the experience gained in a number of Member States with voluntary reporting predominantly by larger institutions. In addition the EBA has conducted a small number of voluntary reporting exercises for a broader range of institutions to increase familiarity with the liquidity coverage requirement and to improve data quality.

The ITS has been developed, as much as possible, on the basis of the COREP and FINREP guidelines, given that these have been implemented already in various

³ <http://www.eba.europa.eu/News--Communications/Year/2012/Report-on-the-Basel-III-monitoring-exercise.aspx>

Members States and have been proved in practice to improve convergence in the field of supervisory reporting. However, there is a very limited overlap of data requirements with existing data collected, as is commonly the case with liquidity reporting.

The scope and level of application of this ITS follows the scope and level of application of the CRR. As mentioned above, the EBA is mandated to follow the legislative text. The reporting frequency will be not less than monthly for the liquidity coverage reporting and not less than quarterly for the reporting of the stable funding as required by the CRR.

Timing of ITS development and application date

Based on the EC proposals and this ITS, institutions are required to comply with new reporting requirements according to Titles II and III as of 1 January 2013. From this date onwards competent authorities will have to check institutions' compliance with the afore-mentioned regular reporting requirements and reporting instructions belonging to the reporting templates. The first regular reporting period for the liquidity reporting according to Title II is expected to be January 2013, with the first reporting reference date being end January 2013. The reporting of the stable funding according to Title III is expected to commence in the quarter of 2013 with the first reporting reference date being end-March 2013.

Q1: Are the proposed dates for first remittance of data, i.e. end of January and end of March 2013, feasible? The EBA intends to finalise the draft ITS and endorse it for submission to the EC by November 2012. The proposed submission dates assume that a final CRR will be available beforehand. While this is a very short period of time before reporting is legally required, in the case of many large institutions, they will have been reporting on a voluntary basis for an extended period of time, and other institutions can plan on the basis of final legislative text which should be available at a much earlier date.

It is important to keep in mind that timelines contained in the CRR might change which may impact the above dates related to the ITS. In any case, EBA will adapt its draft ITS according to the final version of the CRR text before submitting it to the EC for adoption.

III. Background and rationale

Draft ITS on Liquidity reporting

On July 20th 2011, the EC published legislative proposals on a revision of the CRD which seeks to apply the Basel III framework in the EU. These proposals have recast the contents of the CRD into a revised CRD and a new CRR - which are

colloquially referred to as the CRR proposals. These are currently being finalised by EU legislators (Council and European Parliament) in the framework of the co-decision procedure.

In anticipation of the finalisation of the legislative texts for the CRR, the EBA has developed the draft ITS in accordance with the mandate contained in Article 403.1 (a) of the draft CRR endorsed by the EC in July 2011.

This approach, to draft the ITS on the basis of the EC's endorsed text was deemed a more efficient way forward, as it will allow banks to start evaluating the potential challenges of the new liquidity reporting framework (introduced as a legal requirement for the first time in the CRR proposals) pending finalisation of the co-decision process. In any case, the EBA will adapt its draft ITS according to the final version of the CRR text before submitting them to the EC for adoption. draft ITS.

The final ITS on liquidity reporting and reporting on stable funding will be included in the ITS on supervisory reporting requirements for institutions⁴.

The nature of ITS under EU law

These draft ITS are produced in accordance with Article 15 of EBA regulation (⁵). According to Article 15(4) of EBA regulation, they shall be adopted by means of regulations.

According to EU law, EU regulations are binding in their entirety and directly applicable in all Member States. This means that, on the date of their entry into force, they become part of the national law of the Member States and that their implementation into national law is not only unnecessary but also prohibited by EU law, except in so far as this is expressly required by them.

Shaping these rules in the form of a Regulation would ensure a level-playing field by preventing diverging national requirements and would ease the cross-border provision of services.

Background and regulatory approach followed in the draft ITS

In the context of domestic-based liquidity regimes within the European Union, liquidity risk regulatory and reporting frameworks currently in use in the various

⁽⁴⁾ EBA Consultation Paper on Supervisory Reporting Requirements, CP n. 50, published on 20th December 2011.

⁽⁵⁾ 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.

Member States are heterogeneous. This led to inefficient outcomes and increased costs for cross-border institutions and national supervisory authorities, especially during the events of the 2007-2008.

To tackle such regulatory shortcomings which emerged during the crisis and taking account of the new liquidity regulatory framework proposed by the BCBS in December 2010⁶, the EC's proposed CRR envisages introducing a liquidity coverage requirement from 1.1.2015 following an observation and a review period. Such a requirement aims to improve short term resilience of the liquidity risk profile of institutions. According to the proposed CRR, the Commission will also consider introducing a stable funding requirement in 2018 following an observation and review period, to address funding problems arising from maturity mismatches.

To this aim, institutions are requested to report to national authorities the elements needed to monitor their liquid assets, inflows and outflows and their stable sources of funding according to Title II (Liquidity Reporting), Annex III (Items subject to supplementary reporting of liquid assets) and Title III (Reporting on stable funding) of the CRR, using uniform reporting formats developed by EBA.

With that in mind, the present ITS has been developed to provide national authorities with harmonised information on institution's liquidity risk profile, taking into account the nature, scale and complexity of institutions' activities.

As the ITS on liquidity reporting will become part of the general supervisory reporting framework requirements, following the introduction of liquidity requirements, formats have been developed with the aim to ensure consistency where allowed by the CRR proposed text.

Under the proposed CRR text, EBA is also requested to monitor and evaluate the reports made by institutions and, after consulting the ESRB, to report annually and for the first time by 31 December 2013 to the Commission on the following issues:

- (a) Whether the general liquidity coverage requirement in Article 401 CRR is likely to have a detrimental impact on the business and risk profile of Union institutions or on financial markets or then economy and bank lending (Article 481(1) CRR);
- (b) Appropriate uniform definitions of high and extremely high liquid and credit quality of transferable assets for the purposes of Article 404 CRR.

By 31 December 2015, EBA is also requested to report to the Commission whether and how it would be appropriate to ensure that institutions use stable sources of funding, including an assessment of impact on the business and risk

(6) Basel Committee on Banking Supervision, Basel III: International Framework for liquidity risk measurement, standards and monitoring, December 2010.

profile of Union institutions or on financial markets or the economy and bank lending (Art. 481(3) CRR).

Therefore, information included in the ITS on liquidity reporting will also be useful to EBA in reporting on the impact of the general liquidity coverage requirement and the appropriateness of a stable funding requirement. However, this draft ITS will not help the EBA determine whether certain transferable assets are of high or extremely high liquidity and credit quality, as this an assessment independent of whether individual institutions are holding such assets.

Level of application and frequency of liquidity coverage reporting and the reporting on stable funding

The scope and level of application of the ITS follows the scope and level of application of the CRR, i.e. it applies

- on a consolidated basis (Article 10(3) CRR): to EU parent credit institutions and investment firms and to credit institutions and investment firms controlled by an EU parent financial holding company or by an EU parent mixed financial holding company;
- on an individual basis (Article 5(4)) : to all credit institutions and investment firms that are authorised to provide the investment services listed in points 3 and 6 of section A of Annex I to Directive 2004/39/EC. However, according to Article 7 of the proposed CRR text, competent authorities will be allowed to waive in full or in part the application of Article 401 (Liquidity Coverage Requirement) to a parent institution and to all or some of its subsidiaries, if they fulfil a set a predefined conditions, including if the parent institution complies on a consolidated basis with the obligation set forth in Article 401 and 403 (Article 7(1) (a)).

The frequency of the reporting requirements are aligned with those envisaged in the draft CRR text: not less than monthly for the liquidity reporting and not less than quarterly for the reporting on stable funding.

Both the frequency and the scope of application of the ITS will be revised to be aligned to final text of the CRR, especially regarding the application of liquidity requirements to investment firms (Article 480(2) of CRR).

IV. Draft Implementing Technical Standards on Supervisory reporting requirements for liquidity coverage reporting and reporting on stable funding

In between the text of the draft ITS that follows, further explanations on specific aspects of the proposed text are occasionally provided, which either offer examples or provide the rationale behind a provision, and/or set out specific questions for the consultation process. Where this is the case, this explanatory text appears in a framed text box.

Structure of the draft ITS

CHAPTER 1 Subject matter, Scope and Definitions

CHAPTER 2 Reporting reference and remittance dates

CHAPTER 3 Format and frequency of reporting on liquidity and on stable funding

Section 1 Format and frequency of reporting on liquidity

Section 2 Format and frequency of reporting on stable funding

CHAPTER 4 IT solutions for the submission of data from institutions to competent authorities

CHAPTER 5 Final provisions

Annex I Liquidity coverage reporting template

Annex II Stable funding reporting template Annex III Instructions liquid assets

Annex IV Instructions inflows

Annex V Instructions outflows

Annex VI Instructions Stable funding

Draft

Commission Implementing Regulation (EU) No XX/2012

of XX Month 2012

laying down implementing technical standards with regard to supervisory reporting of institutions according to the (proposal for a) European Parliament and Council Regulation (EU) No [xx] of [date] on prudential requirements for credit institutions and investment firms.

CHAPTER 1

Subject matter, Scope and Definitions

Article 1

Subject matter and scope

1. This Regulation lays down uniform requirements that all institutions subject to the Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (hereinafter “CRR”) must meet relating to the submission of supervisory data to competent authorities for the following areas:

- a) liquidity reporting requirements as defined in Part III, Title II of Regulation xx/xx ;
- b) supplementary reporting of liquid assets as defined in Annex III of Regulation xx/xx ;
- c) stable funding reporting requirements as defined in Part III, Title III of Regulation xx/xx ;
- d) additional liquidity monitoring metrics as defined in Part III, Title II of Regulation xx/xx ;
- e) IT solutions as defined in Part III, Title II of Regulation xx/xx .

Explanatory text for consultation purposes

The draft CRR also requires the EBA to develop a draft ITS to cover additional monitoring metrics by Jan 1, 2013. The EBA intends to launch a separate consultation on this matter in autumn 2012.

The data point model will be published for consultation in the third quarter of 2012.

2. The liquidity reporting requirements and the supplementary reporting of liquid assets specified in this regulation apply until the delegated act for a liquidity coverage requirement as referred to in Article 444 of Regulation xx/xx has entered in force. Some supplementary information is asked in the template to increase data coverage. At certain times the EBA may propose to change, amend or alter the reporting specified in this Regulation in order to inform the report required by Article 481. This does not prejudice the future calibration of the ratio.

3. The stable funding reporting requirements specified in this regulation apply until a legislative proposal for a stable funding requirement as referred to in Article 481 (3) of Regulation xx/xx would enter in force.

4. The reporting shall be done on an individual basis (Article 5) and on a consolidated basis (Article 10) as defined in Regulation xx/xx. Individual reporting may only be waived according to the procedures outlined in Articles 7 and 19. These Articles make clear the respective roles of the EBA and the relevant competent authorities in granting any such waivers.

Article 2

Definitions

1. For the purpose of this Regulation, the definitions provided by Regulation xx/xx shall apply, in particular those included in Article 4 and 400 of the CRR shall apply.

2. For the purpose of this Regulation, the scope and level of application according to Part 1, Title II of Regulation xx/xx shall apply.

Explanatory text for consultation purposes

In addition, according to Article 403.2, institutions are required to report items separately if they are indexed to a currency where the institution has significant liquidity risk or such currency is the lawful currency of a jurisdiction where they have a significant branch.

For the purposes of harmonising the definition of a currency where an institution has significant liquidity risk the EBA proposes that this should be limited to those currencies which comprise more than 5% of an institution's liabilities.

Q2: Do respondents agree with this proposal for defining significant currency?

The reporting for investment firms should be done following the requirements of Part 1, Title II until the eventual implementation of any legislative proposal referred to in Article 480(2) of CRR.

CHAPTER 2

Reporting reference and remittance dates

Article 3

1. The reporting reference dates shall be:

- Monthly reporting: on the last day of each month;
- Quarterly reporting: 31 March, 30 June, 30 September and 31 December.

2. Information reported shall be as at the reference date set out in paragraph 1. The template set out in Annex I (Liquidity coverage reporting template) shall take into account the information submitted for the reference date and the information on the cash-flows of the institution over the following 30 calendar days.

Article 4

Reports shall be submitted by institutions to competent authorities by close of business on the 15th calendar day after the reporting reference date specified in Article 3.

1. If the remittance day is a public holiday, Saturday or Sunday, reporting requirement shall be transmitted on the following working day.

2. The above remittance dates concern the submission of unaudited figures which are figures that have not been assessed by external auditors. Where applicable, audited figures implying changes in already reported data shall be submitted as soon as available. In addition, any errors in the submitted reports shall be corrected by the reporting institution by submitting the necessary revisions to the relevant competent authority as soon as possible.

Explanatory text for consultation purposes

The proposed remittance period is 15 days for the monthly reporting and 15 days for the quarterly reporting.

Q3: Is the proposed remittance period of 15 days feasible?

CHAPTER 3

Format and frequency of reporting on liquidity and on stable funding

Section 1

Format and frequency of reporting on liquidity coverage requirement

Article 5

1. Information submitted pursuant to the templates set out in Annex I (liquidity coverage reporting template) and according to the instructions in Annex III, IV and V shall be reported on a monthly basis.
2. Institutions shall have the operational capacity to increase the frequency to weekly or even daily in stressed situations at the discretion of the competent authorities.

The items listed for reporting in the template include all the necessary items specified in Articles 400 to 415 of the CRR. Certain additional items are included to help institutions and supervisors check data quality and to inform other relevant policy options, such as intra-group treatments.

Q4: Are there additional sub-categories of inflows and outflows that are consistent with the specification of the liquidity coverage requirement in the CRR and would inform policy options that should be included in the template and accordingly reported?

With respect to the reporting of liquid assets according to Annex III and Article 404, in the absence of a harmonised definition, institutions are permitted to use internal definitions for the purposes of liquidity reporting. The CRR also permits competent authorities to give guidance institutions shall follow in identifying assets of high and extremely high liquidity and credit quality.

It is not practical in the context of a harmonized reporting framework for institutions to have complete freedom to define such assets, both from the point of view of having common IT solutions and data comparability across submissions. Therefore the EBA is using this consultation to ask institutions what additional data on asset class holdings should be collected. The most significant amendments to the CRR in respect of liquidity reporting proposed by the co-decision bodies are to include equities, gold and high-quality residential mortgage-backed securities or state-guaranteed bank debt.

It should be noted that collecting data on additional assets does increase the complexity of the template given that the inflow and outflow rates on repo and reverse repo transactions are varied according to the liquidity category which each asset belongs to in accordance with Articles 410 and 413.

The responses to the following question will be taken into account together with any mandated inclusions or exclusions of assets in the final version of the CRR for the purposes of giving the guidance to institutions permitted in Article 404.

Q5: For the purposes of providing guidance as to transferrable securities of high and extremely high credit and liquidity quality, what additional assets, if any, should the ITS collect?

Section 2

Format and frequency of reporting on stable funding

Article 5

Format and frequency of reporting on stable funding

1. Information submitted pursuant to the template set out in Annex II (Stable funding reporting requirement) and according to the instructions in Annex VI shall be reported on a quarterly basis.

Explanatory text for consultation purposes

The scope, definitions, reporting reference and remittance dates as set out in Chapters X and X apply.

2. The information to be reported are the following:
 - a) information on items providing stable funding according to Article 414(1) of Regulation xx/xx ;
 - b) information on items requiring stable funding according to Article 415(1) of Regulation xx/xx .

Explanatory text for consultation purposes

The information gathered will help to compile the report to the Commission on whether and how it would be appropriate to ensure that institutions use stable sources of funding according to the Article 481§3 of the CRR in order to promote more medium and long-term funding of the assets and activities of banking organisations.

The amount of stable funding required of a specific institution should be a function of the liquidity characteristics of various types of assets held, off-balance sheet contingent exposures incurred and/or activities pursued by the institution.

Q6: Do respondents agree that the template captures the requirement of the draft CRR on reporting of stable funding?

Where applicable, the information required on stable funding will have to be presented in five buckets (within 3 months, between 3 and 6 months, between 6 and 9 months, between 9 and 12 months and after 12 months).

V. Accompanying documents

a. Draft Impact Assessment

Introduction

Article 403(3)(a) of the CRR requires the EBA to develop draft Implementing Technical Standards (ITS) relating to the reporting on liquidity coverage and stable funding. .

As per Article 15(1) second subparagraph of the EBA Regulation (Regulation (EU) No 1093/2010 of the European Parliament and of the Council), any draft technical standards developed by the EBA will have to be accompanied by a separate note on Impact Assessment (IA) which analyses the 'the potential related costs and benefits' (unless such analyses are disproportionate in relation to the scope and impact of the draft ITS concerned or in relation to the particular urgency of the matter). This IA aims to provide the reader with an overview of findings as regards the problems and options identified and their potential impact.

This IA deals with the incremental impact of the EBA's draft ITS to determine the uniform templates, the instructions on how to use this template, the frequencies and remittance days for reporting.

Throughout the project the EBA has closely followed the work of international organisations dealing with related topics, in particular the Basel Committee on Banking Supervision in charge of monitoring Basel III requirements.

Problem definition

Article 403(3)(a) CRR mandates the EBA to develop draft implementing technical standards to specify uniform formats with associated instructions, frequencies, dates and delays for reporting of the liquidity coverage and stable funding requirements. These reports will enable authorities to monitor institutions' compliance with the two requirements once they have become binding. During the monitoring period, the collected information will inform the economic impact assessment the EBA is mandated to perform under Article 481(1), as well as the report on appropriate uniform definitions of liquid assets according to Article 481(2).

Article 403 CRR requires institutions to report items for the purpose of monitoring compliance with the liquidity requirements and also stipulates that the reporting frequency shall not be less than monthly for the liquidity coverage requirement and quarterly for reporting on stable funding. On the contrary, the CRR gives discretion for the EBA to propose options on (i) whether to integrate liquidity reporting in the common reporting framework (COREP), (ii) the level of detail for some of the reporting items, (iii) remittance dates and (iv) reporting of significant currencies.

Timing of ITS development and application date

Institutions are expected to comply with the new CRR Requirements from January 2013. Sufficient time for implementing ITS requirements is essential to ensure data availability and quality in order for competent authorities to perform their tasks.

The CRR applies to institutions regardless of their size, risk profile, etc. The appropriate balance between the required level of detail of the submitted information and the nature, scale and complexity of institutions' activities is imperative in the consideration of reporting formats and frequencies.

Objectives of the technical standards

The objective of the draft ITS is to determine uniform templates and instructions on how to use this template, the frequencies and dates of reporting as well as IT solutions for the purposes of liquidity reporting requirements. This draft ITS will assist institutions in fulfilling their reporting requirements under Article 403(1) CRR. Additional liquidity monitoring metrics according to Article 403(3)(b) CRR will be consulted at a later stage. It is important that the relevant data is available for the review of the appropriateness of the liquidity coverage and stable funding requirements in 2015 and 2018, respectively.

Policy proposals

Given that the uniform liquidity reporting requirements are being introduced for the first time in the EU, an appropriate reporting template needs to be developed.

I. Including the ITS as an Annex to the COREP reporting standard

At this stage reporting is for the observation period for the liquidity standards, rather than a final standard. In this light, two alternatives have been considered:

- (i) Following an approach chosen for the QIS based on a stand-alone Excel template, or
- (ii) including liquidity risk reporting in the common reporting framework.

Option 1

Advantages:

- Keeping full flexibility for future adaptations after the ratios have been finally calibrated.

Disadvantages:

- No established reporting infrastructure,
- No link to bank identifiers and other data which would be useful for the economic impact assessment to be performed under Article 481 (1).

Option 2

Advantages:

- Harmonised methodology to collect the data,- the ability to cross-reference to other metrics,
- established infrastructure to analyse and manipulate the data.

Disadvantages:

- Any changes to the template as a result of the observation period would need to take place within the COREP timetable.

Based on the above reasoning it is concluded that option 2 is more beneficial and hence integration into COREP is proposed.

II. Submission time

The time between reporting date and submission is not specified in CRR. The CP proposes as a baseline that reporting dates should be at month end for LCR and quarter end for NSFR, and that the submission time should be 15 calendar days. This would take into consideration that the LCR incorporates a 30 days forward looking stress scenario, i.e. ideally remittance should occur before this period ends. EBA encourages stakeholders to comment on the feasibility of the proposed submission time.

III. Level of detail for certain reporting items for the liquidity coverage requirement

In the absence of an adopted CRR there has been no finalized list of liquid assets to be reported yet. Moreover, according to positions of both the ECOFIN and the European Parliament, the EBA shall collect information on certain assets for the purpose of its economic impact assessment even in cases where they would not meet certain criteria, e.g. central bank eligibility.

For the purposes of this consultation, the EBA proposes the following:

The template includes those assets that were specifically listed in the Commission proposal. Respondents are explicitly asked to suggest additional asset classes to be included in the reporting for the purpose of the economic impact assessment, and without prejudice to their eligibility after final calibration of the LCR.

IV. Reporting in significant currencies

Article 405(g) CRR on the operational requirements for holdings of liquid assets requires that 'the denomination of the liquid assets is consistent with the distribution by currency of liquidity outflows after the deduction of capped inflows'. Without collecting information on collecting the liquidity coverage requirement by currency, the EBA could not measure the impact of this proposal.

Likely economic impacts

It is recognised that the reporting of liquidity requirements will incur operational and compliance costs for institutions and competent authorities.

It is not envisaged that these costs would be over and above those incurred if the liquidity reporting requirements were constructed in an alternative manner. In fact, if it was proposed to require reporting outside the scope of COREP, presumably this would increase operational costs in the long-term.

The proposal to rely on the COREP reporting framework is aimed at minimising the incremental economic impact of the liquidity reporting requirements for institutions and competent authorities.

b. Overview of questions for public consultation

Q1: Are the proposed dates for first remittance of data, i.e. end of January and end of March 2013 feasible?

Q2: Do respondents agree with this proposal for defining significant currency?

Q3: Is the proposed remittance period of 15 days feasible?

Q4: Are there additional sub-categories of inflows and outflows that are consistent with the specification of the liquidity coverage requirement in the CRR and would inform policy options that should be reported?

Q5: For the purposes of providing guidance as to transferrable securities of high and extremely high credit and liquidity quality, what additional assets, if any, should the ITS collect?

Q6: Do respondents agree that the template captures the requirement of the draft CRR on reporting of stable funding?