

Consultation

Draft Implementing Technical Standards
amending Commission Implementing Regulation (EU)
2021/451 with regard to ALMM

Register of Interest Representatives
Identification number in the register: 52646912360-95

Our ref
Ref. DK: EBA-ITS
Ref. DSGVO: 7715/10

Contact: Mr Leon Unger
Telephone: +49 30 20225- 5429
Telefax: +49 30 20225- 5403
E-Mail: leon.unger@dsgv.de

Berlin, July 28, 2021

The **German Banking Industry Committee** is the joint committee operated by the central associations of the German banking industry. These associations are the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR), for the cooperative banks, the Bundesverband deutscher Banken (BdB), for the private commercial banks, the Bundesverband Öffentlicher Banken Deutschlands (VÖB), for the public-sector banks, the Deutscher Sparkassen- und Giroverband (DSGV), for the savings banks finance group, and the Verband deutscher Pfandbriefbanken (vdp), for the Pfandbrief banks. Collectively, they represent more than 1,700 banks.

Coordinator:
German Savings Banks Association
Charlottenstraße 47 | 10117 Berlin | Germany
Telephone: +49 30 20225-0
Telefax: +49 30 20225-250
www.die-deutsche-kreditwirtschaft.de

The **GBIC** is pleased to participate in the public consultation on amending Commission Implementing Regulation (EU) 2021/451 with regard to ALMM.

We acknowledge the effort taken in designing the draft amended ITS aim to maximise the impact of the revision and changes to the templates by also addressing other issues that have transpired from the ALMM reporting so far, clarifying and facilitating the reporting for all institutions and improving reporting information received by supervisors.

First, we welcome that the principle of proportionality is taken more into account with the new ITS. In this context, **facilitation by deleting reporting templates** for certain institutions should be granted as early as possible and thus already before the end of 2022. In order to achieve this goal two possibilities are at hand. One is a quick fix of EU Regulation 2021/451. Another one is – to create legal certainty – an EBA-statement in coordination with the European Commission on the non-submission of the corresponding reporting templates until EU Regulation 2021/451 is adapted in the ordinary legislative procedure. Parallel and analogous action should be taken with regard to the deletion of specific reporting templates for Asset Encumbrance as announced by EBA/CP/2021/24.

In this context, we point out that in the recent past the size of an institution has not only been used for facilitation purposes in the sense of implementing the principle of proportionality. Instead, most recently the criteria "size" led to a significant increase in the reporting frequency of the ALMM for banks with total assets greater than €5 billion and less than €30 billion. Currently only a few LSIs in Germany are affected by this new requirement. However, this could change in the future resulting from a progressive consolidation process. **We therefore request the reintroduction of the quarterly reporting frequency for the ALMM for institutions with total assets greater than €5 billion and less than €30 billion.**

In addition, for institutions, other than large ones, it seems **sufficient to report the C 71.00 template with an annual reporting frequency** as source of information for the supervising authorities, since the ten largest counterparties inside the counter balancing capacity rarely change.

For some changes in the CP, the benefit is not immediately apparent. In view of the objective to reduce the burden of reporting (see also the recommendations of the final report on the cost-benefit analysis of the EBA), **only changes that have a clear "added value"** make sense. For example, in C 66.01, the IPS information should not be moved from the memorandum items to the main body. Such a change does not increase the informative value, but only causes unnecessary implementation costs. A stricter enforcement of the desired improvement in data quality would be sufficient.

In terms of **implementation costs**, we plea that interest payments/receipts and non-financial cash flows should continue to be reported in the time bucket "> 5 years", as the items in this time bucket are negligible for liquidity risk management. The technical adjustment of the already implemented reporting business logic only leads to additional costs and thus counteracts the original idea of changes. Further, while we welcome the removed threshold for reporting template C 68.00, the missing threshold in terms of the top 10 depositors in template C 67.00 would lead to an increase in the manual workload of the institutions. It is to be expected that while the informational gain is low, the efforts to dealing with plausibility checks are comparatively high.

In the light of **different reporting frequencies concerning ALMM and FINREP** we ask to remove the requirement of Annex XIX 1.2 (5) or at least to rephrase it in order to make clear that a “fuzzy match” of total funding between these reporting templates is sufficient.

Furthermore, our **answers** to the six consultation questions are as follows:

Question 1: Are the instructions and templates clear to the respondents?

Answer 1: Yes

Question 2: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Answer 2: No

Question 3: Do the respondents agree that the amended ITS fits the purpose of the underlying regulation?

Answer 3: Yes

Motivation 3:

However, we detected the following issue:

The new line “1131 Outflows from uncommitted funding facilities” references Art. 23 (1) a, b, d and e LCR. Our current working assumption is that solely using the first time bucket is still an option. A subdivision per time bucket either would need additional data and business logic or is not feasible because facilities could be drawn on a daily basis. Hence, sticking to the specific example in 5.1.2 would counteracts the original idea of the change of a reduced burden of reporting.

Question 4: Do respondents agree that the decisions to exempt entire reporting templates from being reported is the best approach in implementing proportionality? In case you do not agree, what other proposal would be more efficient to reduce costs?

Answer 4: Yes

Motivation 4:

Exempting entire reporting templates proved to be the most efficient way to enhance proportionality. Regarding the exemptions for medium sized banks, we also see the possibility to exclude C 68.00 and C 69.00 from their reporting requirements, as the funding profile does not differ significantly from that of SNCI.

Moreover, we ask for medium sized banks to take back the monthly reporting requirement, introduced with DA EU/2021/451. In our view, the increased reporting frequency introduced by the revised reporting regulation is not matched by a corresponding supervisory benefit in terms of the (continued) effort for the institutions. The quarterly reporting frequency has been sufficient to monitor medium banks since the introduction of the ALMM.

Question 5: Is it clear for respondents how to report derivatives in C 66.01 with the new clarifications proposed in the instructions?

Answer 5: Yes

Motivation 5:

The planned changes in C 66.01 seem plausible. However, the examples for the mapping of derivatives are cases in which the bank receives securities as collateral – to our knowledge, this applies rather rarely to primary banks.

Question 6: Would large institutions agree that it is less costly to keep C70.00 unchanged (accounting also for implementation costs)? What would be a suitable alternative for a simplified version of this template which would achieve the same purposes?

–