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EACB Comments

on EBA Consultation Paper on the Draft Implementing Standards on the provisions of information for the purpose of resolution plans under Article 11(3) of Directive 2014/59/EU



Contact:

The EACB trusts that its comments will be taken into account.

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The **European Association of Co-operative Banks** ([EACB](http://www.eacb.coop)) is the voice of the co-operative banks in Europe. It represents, promotes and defends the common interests of its 28 member institutions and of co-operative banks in general. Co-operative banks form decentralised networks which are subject to banking as well as co-operative legislation. Democracy, transparency and proximity are the three key characteristics of the co-operative banks' business model. With 3,135 locally operating banks and 58,000 outlets co-operative banks are widely represented throughout the enlarged European Union, playing a major role in the financial and economic system. They have a long tradition in serving 209 million customers, mainly consumers, retailers and communities. The co-operative banks in Europe represent 80 million members and 749,000 employees and have a total average market share of about 20%.

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General comments

The EACB welcomes the opportunity to comment on this EBA draft ITS.

In particular, we welcome the EBA intention to standardize the existing templates on reporting obligations. However, these draft ITS – as stated in para. 13 – "*(...) recognise the possibility to request additional information and to do so in the format deemed appropriate by the resolution authority (...)*". The flexibility left to resolution authorities could imply consistent deviation from the EBA standards. Examples are given by the SRB templates on Liability structure, Critical functions and Financial markets infrastructures which considerably differ from the current EBA templates. Resolution authorities should as a general rule not require additional or more detailed reportings than those established by the EBA, also in consideration of the EBA objective, that we share, to limit the burden on institutions.

Therefore, as far as reporting templates are concerned, it would be desirable that initiatives of the EBA, national resolution authorities and the Single Resolution Board (SRB) were pooled for those institutions within the SRB remit in order to set a unique and standardised reporting requirements for resolution planning.

If this is not feasible, still in the context of a level playing field, it might be helpful that the SRB and/or National Resolution Authorities (NRAs) should explain the need for additional information.

On the other hand, para. 12 of the draft ITS state that "*the BRRD recognises the right for resolution authorities to determine simplified obligations for institutions whose failure would have a limited impact on financial markets, on other institutions and on funding conditions*". In this case, it might be helpful to understand the EBA criteria to be met to be subject to these simplified obligations. In addition, it goes without saying that the templates are in every respect inadequate and unsuitable for small and medium sized institutions. The national resolution authorities should fall back in these cases only to data already available from the responsible supervisory authority if it seems sufficient from their perspective.

Besides, the ITS collects data from institutions also in cases where those are directly available from competent authorities (e.g. own funds requirement). This is in contradiction with the laudable EBA objective to minimize duplicate reporting.

Finally, according to para. 27, the EBA will develop a single data point model (DPM) "*which will translate the reporting requirements set out in the templates into DPM definitions*". However, it is not clear how far or connected this DPM is with respect to the supervisory DPM.

Answers to specific questions

Q.1 *Would the envisaged remittance date (31 May to be progressively advanced to 31 March) appropriate for all templates? If not, please justify your answer and indicate, template by template, the alternative remittance date you would suggest.*

First, we would like to underline the strong interdependency between the availability of year-end figures and the completion of the templates.

For example, year-end figures are fundamental to assess critical functions used to fill the critical information systems and the FMI templates. These year-end figures are prepared and reported for different purposes, such as COREP, FINREP and annual accounts.



According to the ECB¹, national competent authorities (NAs) - for significant supervised entities that are part of a significant supervised group – have to report final FINREP data by close of business of the 55th day following the reference date to which it relates. This means that, concerning data of the year ended on the 31st of December, institutions have to submit to NAs a first report FINREP by mid-February to let NAs meet their deadline.

The year-end figures process does not end with the submission of data, but it also comprises other steps, such as adjustments and validation.

This is why returns on FINREP and COREP should be used as the basis to fill the templates.

In addition, reporting dates for annual financial statements – generally set in March/April - have to be taken into account.

Second, it is also worth noting that some individual templates are interdependent. For example, the templates regarding critical information systems are dependent on the critical functions templates.

In this context, it is clear that a staged approach, where availability of final data is the first step, is the most efficient way to fill the templates in.

This implies the advancing timeline to March would not be advisable. Rather the remittance date should be 30th May.

Q.2 Are there any technical obstacles or inconsistencies in the template 'R 01.00 - Organisational structure (R-ORG)' which would prevent you from, or make it disproportionate for you, to report the information required thereby?

It should be clarified that, in case institutions benefit from the waiver (Art. 7 CRR), columns 080 – 130 do not have to be completed by these institutions.

Q.3 Are there any technical obstacles or inconsistencies in the second block of templates (R 02.00 - Liability Structure (R-LIAB), R 03.00 - Own funds (R-OWN), R 04.00 - Intragroup financial interconnections (R-IFC), major counterparties, R 06.00 - Deposit insurance (R-DIS)) which would prevent you or make it disproportionate for you to report the information required thereby?

Template R 02.00 Liability Structure (R-LIAB): with particular reference to the “Liability Structure” template, many elements are in common with the Liability Data Template (LDT) issued by the SRB. Consequently, duplication of reporting as well inconsistencies with the LDT should be avoided.

For example, we noticed that the definition of SME used for LDT reporting deviates from the definition provided in Annex II “Instructions”.

Moreover, the accounting standard used as basis for MREL data at single-institution level should be identical with that of the report to the SRB.

Cells that should not be filled in because the data requested are not regulatory possible should be shaded (e.g. covered deposits with credit institutions counterparties).

¹ Art. 8(4)(b) Regulation (EU) 2015/534 of 17 March 2015 on reporting of supervisory financial information, OJ L 86/13 31 March 2015.



Finally, there is an inconsistency in row 380 in the maturity buckets compared to the other liabilities.

Template R 03.00 Own funds requirement (R-OWN): the instructions state that those institutions that are dispensed of own funds requirements on a solo basis must report their contribution to the prudential own funds, but it is unclear what it means regarding own funds requirements.

Besides, for all credit institutions subject to own funds' requirements, data required in the template is already sent to the ECB and EBA, or even data are provided by the ECB to institutions (e.g. Pillar 2 requirements). We suggest, then, delete this template which is in essence redundant with COREP reporting.

Template R 04.00 Intragroup financial interconnections (R-IFC): the instructions should clarify that the expected amounts to be filled in must be aggregated by counterparties and not reported for each transactions, and that resolution authorities should not ask for transactional data in the objective to limit the burden on institutions.

Template R 06.00 Deposit Insurance (R-DIS): according to "Annex II: Instructions", the field 050 should be filled with the name of the institutional protection scheme as referred to Art. 113(7) CRR. Reference to deposit protection, however, is made only via institutional protection schemes pursuant to Art.1 (2) c) Directive 2014/49/EU (DGS Directive). Presumably this therefore means such institutional protection schemes. Institutional protection schemes recognised pursuant to Art. 113 (7) CRR can exist on a voluntary basis too and detached from the obligations of the DGS Directive. In the end it is therefore unclear which kind of institutional protection schemes are addressed here.

Q.4 Are there any technical obstacles or inconsistencies in the third block of templates (critical functions and core business lines, R 08.00 - Critical services (R-SERV), FMI services, critical information systems) which would prevent you or make it disproportionate for you to report the information required thereby?

Template R 07.01 Criticality assessment of economic functions (R-FUNC 1): according to "Annex II: Instructions", the template should be reported for each Member state in which the Group is active. This request would be disproportionate and burdensome for institutions whose activity volumes are below certain thresholds outside their market.

It should be clearly specified that, according to the principle of proportionality, the scope of the template should be limited to Member states where institutions have a minimum activity volume.

Template R 07.02 Mapping of critical functions by legal entity (R-FUNC 2): see comment to Template R 07.01.

Moreover, fully consistency between the headers of this template and the related headers as presented in "Annex II: Instructions" (pages 29 and 30) should be ensured.

Template R 07.03 Mapping of Core Business Lines to legal entities (R-FUNC 3): concerning column 020 "Business line ID", it is unclear the need and the added value for resolution planning of this information.



Q.5 The reporting of FMIs and information systems is already required since 2016. In practice are you operationally able to provide such view and do you think it is necessary to set a transition period, for example to progressively build up over the course of three years a full view of the systems within groups?

Overall, in consideration of the complexity of the data collection for FMIs and Information Systems, a transition period of at least three years – ideally five years – would be appreciated.

Indeed, data for FMIs and Information Systems are not readily available and their collection requires an extensive manual process which covers multiple divisions within banks. However, a transition period would be helpful to establish well-structured processes for data collection with banks only if:

- EBA and resolution authorities requirements are clear and remain unchanged for at least the transition period;
- also resolution authorities adopt, at the same time, a transition period. This is especially true if we consider that the SRB's FMI report for 2017 considerably exceeds the EBA requirements.

Template R 09.01 FMI Services - Providers and Users - Mapping to Critical Functions (R-FMI 1): we would like to underline that linking FMIs to specific critical functions seems rather arbitrary and lead to additional complexity. Simplification of the template (and its usage) in the direction of just listing the several relevant parties - based on the definition for field 60 - seems sufficient. This is, in our opinion also in line with the BCBS definition used for fields 060-090.

Finally, for field 70 and 110, a LEI code might be used.

Q.6 The reporting of FMI services and enabling services, in templates R 09.02 and R 09.03 could be facilitated if a list of typical services was included. Can you suggest such list?

The aim of the templates is not clear. We fail to understand the usefulness of this list as the key function is also mentioned in R09.01 – field 060 or field 080. It would be clearer if the EBA provided the list of typical services.

As such we can only name those services we use from a certain institution. Non used functions should be exempted.

The values of R 09.03 – field 40 could be added to field 60.

Q.7 Does the nomenclature of information systems in template R 10-01 – Critical Information systems (General information) (R-CIS 1) cover the various types of existing systems, and would it in your view enable the authority to properly identify systems that are key in the performance of critical functions?

In its instructions to Annex IX, EBA ITS on information for resolution plans for 2014-2015 contained an explicit reference to Directive 2014/59/EU according to which "Resolution authorities may request institutions to provide (...) at least the following information (...) a detailed inventory and description of the **key management information systems**, including those for risk



management, accounting and financial and regulatory reporting used by the institutions including a mapping to the institution-s legal person, critical operations and core business line”².

We would like to understand whether “Critical Information Systems” are synonymous with “Key Management Information Systems” and whether the reference to Section B of the Annex to Directive 2014/59/EU is still valid.

This would be useful for the correct filling of the template since the definition of “Critical Information System” in the Instructions is far too vague and, more in general, it is unclear the aim of these two templates.

The lack of a clear-cut definition as well as the lack of industry standard would most likely imply a wide heterogeneous provision of data across European banks.

Moreover, the EBA must clearly define the scope of “Information Systems” with regard to IT - supply chains and IT products that support the IT infrastructure and bank operations as a whole and cannot be separately linked to single critical functions.

Finally, in case the template remain unchanged, they will only contain systems that are key for the performance of critical functions. Only on the basis of the type of systems it is not possible for the authority to properly assess the level of importance of those key systems.

Q.8 Are the granularity and content of the revised templates appropriate with regard to investment firms? If not, please develop specific changes you would suggest in relation to investment firms.

n/a

² Section B (13) of the Annex to Directive 2014/59/EU of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council. OJ L 173/190 12 June 2014.