

2018.11.27

Consultation Paper - Draft Implementing Technical Standards amending Commission Implementing Regulation (EU) 680/2014 with regard to securitisations (EBA-CP-2018-14).

The French Banking Federation (FBF) represents the interests of the banking industry in France. Its membership is composed of all credit institutions authorised as banks and doing business in France, i.e. more than 390 commercial, cooperative and mutual banks. FBF member banks have more than 38,000 permanent branches in France. They employ 370,000 people in France and around the world, and service 48 million customers.

The French Banking Federation welcomes the opportunity to comment on the EBA Consultation paper on ITS on Supervisory Reporting amendments with regards to COREP securitisation (EBA/CP/2018/14).

Question 1:

There is a need to have the breakdown by approach of the exposure values, RWAs and capital charge after cap. The current template C 14.00 cannot address this for cases where there is more than one approach in the same securitization.

Our proposal is to split template C 14.00 in two parts, where the first part is the information that does not change with different approaches and the second part (C 14.01) is the information that changes with different approaches. Template C 14.01 would be broken down by sheets, where each sheet would be a different approach. This option leads to more lean templates, it does not provide additional burden for cases where only one approach is used in the same securitizations and it delivers relevant supervisory insight on how the new framework is functioning regarding the new hierarchy of approaches.

Do respondents agree with this option?

As an alternative, we propose to add 12 new columns in template C 14.00 - the four possible approaches as a breakdown of exposure value, RWAs and capital charge after cap.

The FBF supports option 2 (a single template with additional columns). The template C14.00 is one of the largest template in the COREP. It gathers detailed information on the transactions in the banking book and in the trading book.

Option1 would be unduly burdensome since it would require duplicating the set of consistency controls and it would take too long to complete the 2 templates.

Question 2:

Are the instructions and templates clear to the respondents?

Template C13.1

We are missing further specification of rows 0030, 0040 and 0050. Is our understanding (detailed below) correct?

- *Differentiated capital treatment* : positions in an STS securitisation which receive (lower) risk weights as par articles 260, 262 and 264 of Regulation 2017/2401
- Of which :
 - “senior positions in SMEs” that fulfill the requirements in article 270 of regulation 2017/2401 (inc. credit risk transfer through guarantees)
 - other STS positions that meet all the requirements in article 18 of Reg 2017/2402 including the “true sale” requirement for basic securitisation?

Reporting 2020 / Template C14.01: The revised instructions (annex 2) state that this template shall be reported separately for the four following approaches SEC-IRBA, SEC-SA, SEC-ERBA and securitisation receiving a 1250% RW. Therefore, could you confirm that banks don't have to report in template 14.01 the other approaches (i.e. IAA and multiple approaches)?

Reporting 2020 / Template C14.00 / col.161 “Type” : In case the pool of securitised exposures is a mix of the listed types, the institution shall indicate the most important type. What criteria should banks use to assign the pool of exposures to “*the most important type*”? The EAD, the number of exposures or another criteria ?

Reporting 2020 / Template C14.00 / col.223 “Own funds requirements before securitisation % Ksa”: the revised instructions (annex 2) state that “*Even if the institution is not applying the SEC-SA approach to the securitisation positions, the institution shall fill in this column*”. It is our understanding that this piece of information will only be used for the calculation of the output floor under the revised Basel framework (a/o dec 2017). Therefore could you confirm that banks don't have to fill in this column until the 2017 revised Based framework is transposed in Europe?

Reporting 2020 / Template C14.00 / columns (CQS): this data is required only for the SEC-ERBA approach since the instructions specify that “Credit quality steps (CQS) as envisaged for institutions applying SEC-ERBA. Articles 263 and 264 Tables of CRR”. However the template should be updated as it is not consistent with these instructions.

Question 3:

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

We see no discrepancies.

Question 4:

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

We agree.