

POSITION PAPER



ESBG response to the EBA consultation on its Draft RTS on liquidity horizons for the IMA

ESBG (European Savings and Retail Banking Group)

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Dear Sir/Madam,

Thank you for the opportunity to comment on the EBA consultation on the new Internal Model Approach (IMA) under the Fundamental Review of the Trading Book (FRTB). We welcome the proposals made. At some points we feel that the proposals are far more normative than the Basel text. This could lead to unnecessarily rigid rules. The discretion of supervisors would be too limited. Against this background, we would like to share with you the following reflections that we hope will be considered by the EBA.

Question 1: Do you agree with the general methodology? If not, please explain why.

We have no objection.

Question 2: Besides systemic risk factors (i.e. risk factors capturing the market/systemic component of the modelled risk), are there other risk factors/parameters that would reflect risks embedded in more than one subcategory or more than one categories?

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Question 3: Do you agree with the treatment reserved for homogenous indices?

We have no objection.

Question 4: Do you have any example of other risk factors that should be subject to the treatment specified for indices?

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Question 5: Are there any other risk factors for which an ad-hoc treatment should be specified?

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Question 6: What is your preferred option? Please explain why.

We prefer Option B. The inclusion of equities according to Regulation 2016/164610 allows for better reflection of EU capital markets specifics.



About ESBG (European Savings and Retail Banking Group)

ESBG represents the locally focused European banking sector, helping savings and retail banks in 20 European countries strengthen their unique approach that focuses on providing service to local communities and boosting SMEs. An advocate for a proportionate approach to banking rules, ESBG unites at EU level some 1,000 banks, which together employ 780,000 people driven to innovate at 56,000 outlets. ESBG members have total assets of €6.2 trillion, provide €500 billion in SME loans, and serve 150 million Europeans seeking retail banking services. ESBG members are committed to further unleash the promise of sustainable, responsible 21st century banking.



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