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**FBF response to EBA consultation on permissions for data waivers**

The French Banking Federation (FBF) represents the interests of the banking industry in France. Its membership is composed of all credit institutions authorized 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 the draft RTS specifying conditions according to which competent authorities may permit institutions to use relevant data covering shorter time period (data waiver permission) with the reference EBA/CP/2014/02. We appreciate this disposal which encourages the migration of some institutions to the IRB approach. Nevertheless, we would like to highlight the following points:

**The definition of institution**

It should be stressed that the draft RTS is not clear enough regarding the entity concerned by the data waiver permission. In the article 5 the use of the term "institution" is confusing and difficult to interpret. According to the FBF, it should be replaced by "parent company".

**Conditions for eligibility of exposures**

We do not agree with paragraph 4 as it limits granting data waiver permissions to portfolios already existent at the time of the institutions’ initial IRBA approval and within a 5-years-time period after the institutions’ initial IRBA approval. We believe that data waiver permissions with respect to newly acquired portfolios are critical to allow for a timely integration into institutions’ IRBA rating systems. This would be in line with Article 148 CRR which requires banks to implement the IRBA for all exposures.

The 5-years-time limit is also ignoring the evolving nature of institutions’ internal organizations and IT systems, as well as permanent adaptations to markets evolutions or development strategies. It should always be possible for an institution facing disruption in data collection to apply for data waiver authorization (e.g. changes in definition of default M&A impacting heavily internal processes and organizations of merged entities, etc.).

**Timing Conditions**

As already said above, this Article limits granting data waiver permissions to portfolios already existent at the time of the institutions’ initial IRBA approval and within a 5-years-time period after the institutions’ initial IRBA approval. We believe that data waiver permissions with respect to newly acquired portfolios are critical to allow for a timely integration into institutions’ IRBA rating systems. This would be in line with Article 148 CRR which requires banks to implement the IRBA for all exposures.”