

27 January 2015

European Banking Authority
Floor 46
One Canada Square
Canary Wharf
London E14 5AA

Dear Sirs

EBA Consultation: Draft ITS Amending ITS on Supervisory Reporting on the Leverage Ratio

The Association for Financial Markets in Europe ('AFME')¹ welcomes the opportunity to comment on the EBA's recent consultation paper on Draft Implementing Technical Standards amending Commission Implementing Regulation (EU) No 680/2014 (ITS on supervisory reporting) with regard to the Leverage Ratio (LR) following the EC's Delegated Act on the LR.

AFME welcomes EBA's efforts to improve the consistency, comparability and credibility of the European supervisory reporting framework. We recognize the importance of the single rulebook and uniform reporting requirements across the EU. We believe it is important that standards are applied consistently by regulators across Europe and a robust reporting framework is an important mechanism to achieve this aim.

In this context we agree with the general structure and content of the proposed templates. In particular, we appreciate the simplifications introduced through the Delegated Act. We also note that the EBA has a mandate under the CRR to review and report on the application of the leverage ratio in advance of the European Commission considering legislative proposals on a binding leverage ratio requirement. The EBA's report includes a mandate to review changes to the methodology to ensure that the leverage ratio is an appropriate indicator of an institution's risk of excessive leverage; different business models and balance sheet structures; risk taking behaviour; bank lending; and, the accounting framework. Information on the level of application of the leverage ratio is particularly relevant to this review. In this regard and with a view to support its report, we believe that more information on the level of application, and in particular the intragroup exemption, should be collected by the EBA. This will provide the EBA and national authorities with useful information on the interconnectedness of financial groups and the consistency of Member State implementation of the rules. We consider therefore that the EBA

¹ AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. We advocate stable, competitive, sustainable European financial markets that support economic growth and benefit society.

AFME is the European member of the Global Financial Markets Association (GFMA) a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) in Asia.

AFME is listed on the EU Register of Interest Representatives, registration number 65110063986-76.

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should work closely with industry to determine the most appropriate and cost effective methodologies for obtaining this data.

In the meantime, AFME and its members understand that firms will be required to continue to report on the leverage ratio using the existing templates until at least December 2015 notwithstanding the application of the new Delegated Act. Under the current templates some data points will be obsolete and it would not appear to make sense therefore to commit resource to providing information on areas which are no longer relevant to the calculation of the new standard. The existing templates are in addition not appropriate for the reporting of credit derivatives, leading to the calculation of an incorrect ratio. AFME and its members would therefore urge the EBA to work with the European Commission and national supervisors to find a solution to ensure that firms are not required to report data which is redundant or potentially misleading.

Finally, we would also like to comment on the due process that should be undertaken by EBA when consulting on rule changes. This consultation was issued with only a six week consultation period shortly before the holiday period. This paper was issued at one of the busiest times of year for reporting teams alongside numerous other consultation papers. Whilst we acknowledge that the short consultation period is partly driven by the extent of changes in the ITS, we urge EBA to ensure that rule changes are subject to sufficient consultation time with industry and that the EBA give responses to consultations appropriate consideration.

We hope that you will find the points raised in this letter useful and we would be pleased to discuss any aspect of our thinking in more detail at your convenience.

Yours faithfully



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