

EBA/RTS/2016/01

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Final Report

Final draft regulatory technical standards amending Commission Delegated Regulation (EU) No 1222/2014 on the specification of the methodology for the identification of global systemically important institutions (G-SIIs)

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2. Executive Summary

The EBA methodology for identifying global systemically important institutions (G-SIIs) closely follows the approach of the Basel Committee on Banking Supervision (BCBS) for identifying global systemically important banks (G-SIBs, in BCBS terminology). The lists of EU G-SIBs identified by the BCBS and of G SIIs identified by Member States' authorities are identical. In January 2016 the BCBS will publish a new data template for the 2016 identification exercise, based on end-2015 business year data.

In view of the above and in order to make the Level 2 regulation on the identification of G-SIIs easy to update every year, the RTS on the identification methodology and the ITS on disclosure, which contained a data template, have been amended. For practical reasons, to make the update easier, the full data template with the detailed specification of the indicator values will now only be incorporated in the guidelines. The instructions for institutions on how to complete the template will be published on the EBA website.

Next steps

The draft RTS and ITS will be submitted to the Commission for endorsement, following which the RTS will be subject to scrutiny by the European Parliament and the Council before being published in the *Official Journal of the European Union*.

The guidelines will be translated into the official EU languages and published on the EBA website. The deadline for competent authorities to report whether they comply with the guidelines will be two months after the publication of the translations.

3. Background and rationale

In line with Directive 2013/36/EU, which requires the methodology to take into account international agreed standards, the EBA methodology for identifying G-SIIs follows the approach of the Basel Committee on Banking Supervision (BCBS) for identifying G-SIBs (in BCBS terminology). As a result, the list of EU G-SIBs identified by the BCBS and the list of EU G-SIIs identified by Member States' authorities are identical. In January 2016 the BCBS will publish a new data template for the 2016 identification exercise, based on end-2015 business year data.

As a consequence, the RTS on the identification methodology and the ITS on disclosure, which contained a data template, have been updated. In order to make the update easier every year, the full data template with the detailed specification of the indicator values will now only be incorporated in the guidelines (see Section 5 and the annex referred to therein for details). This will ensure convergent practice and uniform underlying values. The instructions for institutions on how to complete the template will be published on the EBA website

4. Final draft regulatory technical standards amending Commission Delegated Regulation (EU) No 1222/2014 on the specification of the methodology for the identification of global systemically important institutions (G-SIIs)

COMMISSION DELEGATED REGULATION (EU) No .../..

of XXX

amending Regulation (EU) No 1222/2014 with regard to regulatory technical standards for the specification of the methodology for the identification of global systemically important institutions and for the definition of subcategories of global systemically important institutions

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC¹, and in particular Article 131(18) thereof,

Whereas:

- (1) Commission Delegated Regulation (EU) No 1222/2014 specifies the methodology of identification and allocation of global systemically important institutions (G-SIIs)

¹ OJ L 176, 27.6.2013, p. 338.

based on five categories measuring the systemic significance of a bank for the global economy. In order to follow the approach of Directive 2013/36/EU, Regulation (EU) No 1222/2014 took into account the international standards developed by the Basel Committee on Banking Supervision (BCBS) on the methodology to assess global systemically important banks and on the higher loss absorbency requirement, that are based on the framework for global systemically important financial institutions established by the Financial Stability Board following the report ‘Reducing the moral hazard posed by systemically important financial institutions – FSB Recommendations and Time Lines’. The Annex of Regulation (EU) No 1222/2014 contained a set of data specifying the indicators used for the identification of G-SIIs that was identical to that used by the BCBS for the identification of global systemically important banks.

- (2) In January 2015, the BCBS has published an updated set of data specifying these indicators. In the future further updates are expected. It is of the utmost importance to keep the identification methodology up to date, in order to reflect current developments of the global banking system and to take into account updated international standards. To this end Member States’ relevant authorities should at all times use an updated specification of the indicators set out in Regulation (EU) No 1222/2014. Therefore Regulation (EU) No 1222/2014 should be amended and the Annex with the outdated data should be deleted.
- (3) The identification process should take into account the institutions’ need of clarity at an early stage as to which data they have to report. This would be severely delayed if Regulation (EU) No 1222/2014 would have to be amended and updated every year solely to reflect minor technical changes. In particular, it is unclear when international standards are updated and when stable updates of these standards are publicly available. At the same time the process for specifying the indicators is laid down in Regulation (EU) No 1222/2014 and is well established, so that such indicators can be uniformly specified across the Union following that process without setting them out in a regulation to be updated every year. In addition, authorities have appropriate fora and sufficient incentives to agree on a uniform specification of the indicators. In light of these considerations, the replacement of the Annex by an updated specification every year is not an effective and efficient approach, since it would become outdated very soon again.
- (4) This Regulation should apply immediately, since institutions need clarity as to which data should be reported for the identification process in 2016, and the data collection process starts in the first quarter of 2016.
- (5) This Regulation is based on the draft regulatory technical standards submitted by the European Banking Authority to the Commission.
- (6) The European Banking Authority has conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, has analysed the potential related costs and benefits and requested the opinion of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council².

² Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12).

- (7) Commission Delegated Regulation (EU) No 1222/2014 should be amended accordingly.

HAS ADOPTED THIS REGULATION:

Article 1

Amendments to Regulation (EU) No 1222/2014

- (1) In Article 5(6) the term ‘indicators’ is replaced by the term ‘data’.
- (2) In paragraphs 1 to 5 of Article 6 the words ‘as further specified in the Annex’ are deleted.
- (3) Article 7 is deleted.
- (4) The Annex is deleted.

Article 2

Entry into force

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the Commission
The President
Jean-Claude Juncker*

5. Accompanying documents

5.1 Cost-benefit analysis/impact assessment

The update of the data template did not involve any significant policy choices but only a redistribution of the relevant text for practical reasons, in order to cope with annual updates of the indicators. Costs and benefits for institutions and other stakeholders remain the same as under the RTS, ITS and guidelines in their original versions.

Not updating the data template in the RTS and ITS would not have been a viable option, as this would not be in line with the legislative objective to take into account international agreed standards. In addition, such option would result in making reporting more complicated and in doubling the administrative burden for institutions which take part in the identification process for G-SIBs at BCBS level and confusing information instead of enhanced transparency for the public.

At the same time the revised structure of the RTS and the guidelines helps streamlining the process for future updates and consequently significantly reduces administrative costs at level of the European authorities.

5.2 Feedback on the public consultation

The EBA publicly consulted on the draft proposal contained in this paper.

Due to the limited and merely technical nature of the amendments, the consultation period lasted for three weeks only and ended on 20 May 2015. No response has been received.