REFERENCE: "EBA/DP/2013/01"

"Discussion Paper on Defining Liquid Assets in the LCR under the draft CRR"

Q1a. Given the difficulties with obtaining transactional data outlined here, do you think a data sample cover 2008-2012 is sufficient for this analysis?
I reckon the EBA can carry out an in-depth technical analysis using the available data (MIFID Transaction Data) over 2008-2012. In this way it will be possible to verify the behaviour of the several types of liquidities, also in relation with its components, in compliance with the "Principles underpinning the EBA analysis" to define liquidity.
I also consider worthwhile to take into account, even though in a simplistic way and over a very broad time span (1960-2008), the stock values and the related volumes for the most widespread equities and bonds. In this way it will be possible to identify the behaviour of equities and bonds in conjunction with the several economic crisis, i.e. the oil crisis in the 1980s.

Q1b. Would you see merit in extending the sample in those countries where more data is available?
I feel it is recommendable to concentrate on the analysis of liquid assets in relation to the few but important European stock markets.

Q2. Do you have additional data sources to suggest?
Specifically, can you suggest a source of REPO data and GOLD that would fit our needs?
I would suggest the following data from:
- REPO MARKET: with reference to the American market I detected the DTCC GCF Repo Index, weighted average for overnight trades.
- GOLD MARKET: The London Bullion Market which is an over-the-counter market for gold and silver trading, gold price is in U.S. dollars. The Zurich Gold Market has no formal organizational structure, despite being the world's second largest gold trading market.

Q3a. Do you agree with the list of liquidity metrics under consideration to be used in the EBA assessment, as mentioned in this section and Annex 5?
Firstly I agree with the general adopted methodology, aiming at the pragmatic measurement of the level of liquidity of each asset class, and when possible of every single equity and bond.
The list of liquidity metrics appears by all means complete. I would also like to remind these latter might be strongly influenced by the Rating level of each equity and bond.
Q3b. Can you suggest further metrics the EBA should make use of, where information would be available?
*I have nothing to suggest.*

Q4a. Do you agree with the list of "explanatory characteristics" whose linkage to liquidity is proposed to be tested in the EBA assessment? Can you suggest further characteristics the EBA should assess?
*I agree with the list of "explanatory characteristics". With reference to the market structure I would in addition suggest the market relevance and stability.*

Q5. Do you agree with the methodology proposed? Do you have alternative approaches that might be used?
*I agree with the methodological approach. I think it is appropriate to bring to your attention the strong influence on the liquidity factor set by the rating evaluations and its tendency to change, especially the ones on corporate bonds. I also consider necessary the analysis of the conditioning (both positive and negative) deriving from liquidity availability determined by the BCE, through the provision of a positive or negative corrective.*

Yours faithfully

Ferfoglia Marco