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10 June 2016

Corrections to the Liquidity Coverage Requirement (LCR) Delegated Act and corresponding amended reporting templates – possible repeated discrepancy

Dear Mr Guersent

As you are aware, there is currently a discrepancy between the LCR requirements which entered into force in October 2015 following the adoption of the LCR Delegated Act and the corresponding reporting templates -Implementing Technical Standards (ITS) on LCR Reporting- which will be applicable in September 2016. This is an unsatisfactory situation which creates a disproportionate burden, undue costs and inefficiency for EU institutions and their supervisors.

According to the decision taken by the Commission Expert Group on Banking, Payments and Insurance (CEGBPI) held in Brussels on 26 April 2016 the Corrigendum to the LCR Delegated Act *and the corresponding corrected templates* would apply by September 2017.

During the meeting of the CEGBPI held in Brussels on 23 November 2015 the document CEGBPI/BANK/49/2015 on the “*Analysis of possible timeline scenarios for the adoption and application of the LCR DA Correction and the LCR DA Correction Reporting ITS*” was presented. This document jointly elaborated by DG FISMA services and the EBA staff reflected that the application of the reporting templates of a corrected regulation could not take place within less than 20 months after having a stable document on the corrected regulation. This is due to the following necessary steps: preparation of the revised templates, adequate consultation period with the industry, finalisation of the templates together with the data point model and taxonomy, adoption by the EU Commission. Any update of reporting templates should also cater for allowing sufficient time to institutions to prepare. The minutes of this meeting also capture this period of roughly two years until a final implementation of corrected templates can take place.

With this in mind, and considering that the adoption of the Corrigendum may not take place earlier than in September 2016, any suggestion proposing September 2017 for the implementation of the corrected templates does not seem realistic.

Maintaining the date of application of the Corrigendum at September 2017 would just lead to a repeated discrepancy between the requirements and the corresponding reporting, which should be avoided by all means. Institutions would have again to comply with the new LCR regime as amended by the Corrigendum while at the same time they would have to report according to misaligned LCR reporting requirements. Competent authorities would not be able to monitor institution's compliance with the new LCR ruleset by way of regulatory reporting and would likely have to bridge this gap via ad-hoc reporting requests – adding to the regulatory burden for institutions.

While the EBA will do its best efforts to update in a quick manner the ITS on LCR reporting, it cannot be expected that the application date of the reporting for institutions could take place before the second half of 2018, considering a minimum of 6 months for institutions to prepare.

My services stand ready to continue the discussions with your services so that a suitable outcome for all parties could possibly be found.

Yours sincerely

(signed)

Andrea Enria

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