

EBA-ITS-2019-01

28 May 2019

Final Report

Draft Implementing Standards

amending Implementing Regulation (EU) No 680/2014 with regard to COREP

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1. Executive Summary

Regulation (EU) No 575/2013 ('the CRR') mandates the EBA, in Article 99(5), to develop uniform reporting requirements. These reporting requirements are included in Regulation (EU) No 680/2014 (Implementing Technical Standards on supervisory reporting 'ITS on supervisory reporting'). These standards aim at collecting information on institutions' compliance with prudential requirements as put forward by the CRR and related technical standards as well as additional financial information required by competent authorities to perform their supervisory tasks. As such the ITS on supervisory reporting need to be updated whenever prudential or supervisory requirements change.

These ITS introduce amendments to Implementing Regulation (EU) No 680/2014 with regard to the following:

- a) amendments to the ITS on supervisory reporting with regard to the new securitisation framework;
- b) amendments to the ITS on supervisory reporting with regard to the LCR amending Act
- c) clarifications and corrections as regards reporting on COREP and additional monitoring metrics for liquidity (technical amendments).

LCR amending Act

The Commission Delegated Regulation (EU) 2018/1620 of 13 July 2018 amending Delegated Regulation (EU) 2015/61 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions was published on 13 July 2018 by the European Commission¹.

This LCR amending Act triggers some changes in the calculation of the LCR which necessitates a subsequent update of the ITS on LCR reporting to capture the necessary elements for its calculation and monitoring. These are mainly the cases of calculation of inflows and outflows in securities financing transactions (SFTs) and collateral swaps or the unwind waivers envisaged for some SFTs and collateral swaps with central banks.

In addition, the EBA has monitored the implementation of the LCR and has spotted some elements where there is a merit for a separate monitoring due to its materiality in the LCR. Furthermore, many memo items have been deleted. The update of the ITS also takes on board some published Q&As. Finally, an additional template has been added, C 77.00. This template will list the entities within the perimeter of consolidation of the LCR when reported at a consolidated level including liquidity subgroups.

¹ http://ec.europa.eu/info/law/banking-prudential-requirements-regulation-eu-no-575-2013/amending-and-supplementary-acts/implementing-and-delegated-acts_en

Changed securitisation framework

A new EU securitisation framework came into force in January 2018. This comprises of the Securitisation Regulation (Regulation (EU) No 2017/2402) and of the Regulation (EU) No 2017/2401 amending the CRR containing targeted amendments to the CRR with regards to securitisation, which together aim at building and reviving a sound and safe securitisation market in the EU. It is proposed to amend the ITS on supervisory reporting to integrate the changes in the new securitisations framework and, at the same time, fostering consistency between reporting and disclosure requirements.

Maintenance and updating of the ITS

The ITS on supervisory reporting reflect the single rulebook at the reporting level. Therefore, the ITS on supervisory reporting needs to be updated whenever the underlying requirements of the single rulebook change.

The completion of technical standards by the EBA, as well as answers to questions raised in the context of the single rulebook Q&A mechanism, have contributed to a more complete and seamless application of the single rulebook. This has led in turn to more precise or otherwise changed reporting instructions and definitions. Experiences of using the reported data for supervision, as well as issues with data quality and feedback from institutions compiling data, have indicated a need to review some of the requirements. In addition, further changes to the reporting requirements were triggered by the identification, during the preparation for the application of the reporting requirements, of typos, erroneous references and formatting inconsistencies.

More specifically, to increase understanding of impact of macro-prudential measures, amendments were introduced as regards the reporting of such measures in template C 02.00.

Next steps

The draft implementing technical standards will be submitted to the Commission for endorsement before being published in the Official Journal of the European Union. The technical standards will apply from March 2020 (reporting reference date 31 March 2020), except for the changes related to LCR, which will apply from April 2020 (reporting reference date 30 April 2020).

2. Background and rationale

Importance of uniform reporting requirements

The aim of the EU common supervisory reporting framework and the EBA ITS is offering a single framework of requirements for the prudential reporting due by each and any credit institution and investment firm in the EU, thereby reducing costs and fostering a level playing field across EU institutions. It provides the foundation for the full harmonisation of reporting on the prudential requirements, the so called Pillar 1 requirements; with one single set of templates, one single embedded dictionary using common definitions and even one single set of instructions to fill the templates using a unique IT solution.

Part of a Single Rulebook

One of the main responses to the latest financial crisis was the establishment of a Single Rulebook in Europe aimed at ensuring a robust and uniform regulatory framework to facilitate the functioning of the internal market and to prevent regulatory arbitrage opportunities. A Single Rulebook also reduces regulatory complexity and firms' compliance costs, especially for institutions operating on a cross-border basis. The ITS on supervisory reporting form part of this Single Rulebook in Europe and become directly applicable in all Member States once adopted by the European Commission and published in the Official Journal of the EU.

Maintenance and update of the ITS

The ITS on supervisory reporting reflect the Single Rulebook at the reporting level. Hence, the ITS on supervisory reporting needs to be updated whenever the underlying requirements of the Single Rulebook change.

2.1 LCR amending Act

1. The Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions ('LCR Delegated Regulation') has been amended by Commission Delegated Regulation (EU) 2018/1620 of 13 July 2018 ('LCR amending Act'). This LCR amending Act triggers some changes in the calculation of the liquidity coverage requirement ('LCR') which necessitates a subsequent update of the Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 ('ITS on supervisory reporting'). The main amendments in the LCR amending Act with reporting implications are described here.
2. The LCR amending Act introduces modifications in the calculations of inflows and outflows from secured lending, secured funding and collateral swaps transactions. Operational requirements are not required to be met any more by the underlying collateral for these purposes. The approach to calculate inflows from secured lending transactions and inflows or outflows from collateral swaps will not be based any more on comparing the liquidity value of the cash leg and the collateral leg,

in the former case, or between the swapped non-cash collateral legs in the latter one. In contrast the approach will be similar to the one envisaged for outflows from secured funding transactions. The LCR amending Act also envisages the possibility to waive some secured lending, secured funding and collateral swaps transactions with central banks from the application of the adjustments set forth by Article 17(2) of LCR Delegated Regulation (the so called “unwinding”).

3. These changes trigger most of the amendments proposed in the update of the ITS on supervisory reporting. Some few additional changes seems necessary and are suggested in the ITS on supervisory reporting after the first years of implementation. These are the cases of a necessary identification of rows for excess operational deposits, the reduction of memo items and the incorporation of some published Q&As.

2.1.1 C 73.00

4. C 73.00, on outflows, now needs to envisage rows for secured funding transactions irrespective of whether or not the collateral exchanged would meet the operational requirements in accordance with Article 8 of LCR Delegated Regulation for the calculation of outflows. For each of these rows, in the form of an “of which” item, repos where the collateral would meet the operational requirements should be separately identified to ensure a proper unwinding as per article 17 of the LCR Delegated Regulation.
5. As per the LCR amending Act, secured funding from central banks will keep triggering 0% outflow rate but only if the central bank is the domestic central bank. This means that the applicable weight to be reported for repos with central banks will be an average of the rates applied in these transactions depending on which central bank acts as counterparty. Still the template will provide separate information of repos with central banks and with other counterparties. The amending Act also envisages the possibility of some secured funding, secured lending and collateral swaps transactions with any central bank to be authorised to be waived from unwinding for the purpose of the calculation of the liquidity buffer caps as per Article 17 of the LCR Delegated Regulation. Specific memo items have been included in C 73.00 to capture repos with central banks that would benefit from the unwind waiver of article 17 of the LCR amending Act.
6. C 73.00 separately captures now the part of operational deposits in excess of the amount necessary for the provision of operational services and which, therefore, needs to be treated as non-operational. This is for the purposes of an adequate supervisory monitoring of these elements due to the material impact they have in the calculation of the LCR as observed in the LCR implementation.

2.1.2 C 74.00

7. C 74.00, on inflows, needs to envisage now new rows for secured lending transactions irrespective of whether or not the collateral exchanged meets the operational requirements in accordance with Article 8 of LCR Delegated Regulation for the calculation of inflows. For each of these rows, in the form of an “of which” item, reverse repos where the collateral meets the operational requirements should be separately identified to ensure a proper unwinding as per article 17 of the LCR Delegated Regulation.

8. Also with regard to C 74.00, the template now separately captures secured lending transactions with central banks from those with other counterparties.

This is also to identify potential reverse repos with central banks which could benefit from the unwind waiver of article 17 of the LCR Delegated Regulation. Also, on C 74.00 specific memo items have been included that capture reverse repos with central banks that would benefit from the unwind waiver of article 17 of the LCR Delegated Regulation.

2.1.3 C 75.01

9. The EBA has kept the structure of template C 75.01, on collateral swaps, in order to minimise operational burden and costs. However, the amending Act triggers some minimum granularity that is needed to be envisaged for reporting.

10.C 75.01 needs to envisage rows for collateral swaps irrespective of whether or not the assets exchanged meet (assets borrowed) or would meet (assets lent) the operational requirements in accordance with Article 8 of LCR Delegated Regulation for the calculation of inflows/outflows. For each of these rows, in the form of an “of which” item, collateral swaps where at least one leg is meeting (assets borrowed) or would meet (assets lent) the operational requirements should be separately identified to ensure a proper unwinding as per article 17 of LCR Delegated Regulation.

11.C 75.01 needs to separately capture collateral swaps with central banks from those with other counterparties to identify those which could benefit from the article 17 waiver. Specific memo items have been included that capture collateral swaps with central banks that would benefit from the unwind waiver of article 17 of the LCR Delegated Regulation.

2.1.4 C 76.00

12.C 76.00, on the LCR calculation, has been updated in line with the changes introduced by the amending Act in its Annex I. Calculation of excess liquid assets amount for the various HQLA categories has been removed accordingly.

2.1.5 C 77.00

13.An additional template (C 77.00), for the only purposes of the LCR at a consolidated level, is added on the perimeter of consolidation of LCR. This template will list the names and identification codes of the entities within the perimeter of the LCR at any level of consolidation including liquidity subgroups where LCR waivers have been granted in accordance with Articles 8 and 10 of the CRR. The information required does not imply any calculation and does not expect to entail any big burden for institutions. This information is key for supervisors to identify the entities the liquidity position of which is included in the reporting templates for a proper monitoring.

14.This template shall not be reported by credit institutions reporting LCR at individual level according to Article 6(4) of the CRR.

2.1.6 Memo items

15.The EBA has tried to minimise the number of memo items to be kept in the templates in an attempt to reduce burden and operational costs. This has been addressed by deleting those elements which

are not considered necessary anymore after some years of LCR implementation. The EBA understands that these elements have already served their purposes.

2.1.7 Other changes

16. The update of the ITS on supervisory reporting also takes on board some published Q&As (Q&A 784, Q&A 801 and Q&A 3357) which are considered of significant practical relevance.

2.2 Changed securitisation framework

2.2.1 Current requirements as regards the reporting of information on securitisations

17. Current requirements included in the ITS on supervisory reporting as regards to the specific reporting of securitisations information are defined in templates C 12.00, C 13.00 and C 14.00 for credit risk and C 19.00 and C 20.00 for market risk. While templates C 12.00, C 13.00, C 19.00 and C 20.00 refer to aggregate data on securitisations, template C 14.00 gathers information on a transaction basis.

18. Securitisations in the banking book for which a significant risk transfer is recognised shall be reported in templates C 12.00 and C 13.00 whilst securitisations in the trading book shall be reported in templates C 19.00 and C 20.00. Template C 14.00 shall contain all securitisations.

19. In the current securitisations framework there are two hierarchies of approaches for credit risk – Standardised Approach (SA) and Internal Ratings Based Approach (IRB). Securitisations treated under SA shall be reported in template C 12.00 and securitisations treated under IRB shall be reported under C 13.00.

2.2.2 Changed securitisation framework

20. The new EU securitisation framework came into force in January 2018. This comprises the Regulation (EU) No 2017/2402 (Securitisation Regulation) and of the Regulation (EU) No 2017/2401 amending the CRR containing targeted amendments to the CRR with regards to securitisation, which together aim at building and reviving a sound and safe securitisation market in the EU.

21. The Securitisation Regulation is a cross-sectoral regulation, which lays down common rules of due diligence for institutional investors (banks, insurance companies, pension funds, investment funds, alternative investment funds, and money market funds) and risk retention and transparency for originators, sponsors, original lenders and securitisation vehicles. It also implements the Basel simple, transparent and comparable criteria into the European simple, transparent and standardised (STS) securitisation framework, also for ABCP conduits.

22. The amendment to the CRR implements the revised Securitisation framework approved by the Basel Committee in December 2014 and the STS specific capital framework and establishes preferential treatment for STS securitisations and certain SME synthetic securitisations. It sets out a framework for a more risk-sensitive regulatory treatment of exposures to securitisations complying with such criteria.



23. One of the main changes in the new framework is the revised hierarchy to reduce the reliance on external ratings as well as to simplify it and limit the number of approaches. This is translated into a single hierarchy of approaches replacing the previous two (SA and IRB).

2.2.3 Transitional provisions concerning outstanding securitisation positions

24. The new securitisation framework sets out a transitional period applying from 1 January 2019 and lasting for the whole year. In respect of securitisations the securities of which were issued before 1 January 2019, institutions shall continue to apply the provisions set out in the CRR until 31 December 2019 in the version applicable on 31 December 2018. For securitisations the securities of which were issued on or after 1 January 2019, institutions shall apply the new securitisations framework.

25. In order to tackle the transitional period, in version 2.8 of the ITS on supervisory reporting (applicable for reports as of 31 December 2018) already some provisions have been made. Rows were added in template C 02.00 to accommodate securitisations under the new framework and new columns were added in template C 14.00 to gather information, such as securitisations qualifying for preferential capital treatment. The securitisations under the previous framework shall be reported under the same templates as before.

2.2.4 Proposal for revised reporting requirements

26. The amended ITS on supervisory reporting integrate the changes in the new securitisations framework mentioned in 2.2.2. The changes made due to the transitional provisions mentioned in 2.2.3 need to be replaced by a different set of data points in order to accommodate the new fully-fledged framework.

27. The requirement for institutions to submit the information included in templates C 12.00 and C 13.00 will cease to exist and these templates need to be replaced by a new one - the proposed C 13.01 - which will include the new single hierarchy instead of the two previous ones (SA and IRB). In this new template, *inter alia*, the following information needs to be included:

- a. The previous approaches need to be replaced by the new ones (SEC-IRBA, SEC-SA and SEC-ERBA);
- b. The previous credit quality steps need to be replaced by the new ones (short and long term);
- c. Securitisations qualifying for differentiated capital treatment, due to the STS criteria (Art. 243 of CRR) and the senior positions in SMEs securitisations (Art. 270 of CRR);
- d. Deductions from the exposure value of securitisation positions which are assigned 1 250 % risk weight or deducted from Common Equity Tier 1;
- e. Reductions in the risk-weighted exposure amount due to the risk-weight cap and the overall cap.

28. Furthermore, additional granularity was added in template C 14.00 to facilitate supervisory analysis and due to the need of monitoring the impact of the new framework and, specially, the new single



hierarchy of approaches. Moreover, some of the new aspects included in C 14.00 come from the alignment between the reporting and disclosure requirements mentioned in 2.2.5.

29. Templates C 19.00 and C 20.00 were amended in order to reflect the new framework. Additionally, template C 09.04 was subject to a minor amendment as well to reflect the single hierarchy of approaches.

2.2.5 Fostering consistency between reporting and disclosure requirements

30. The information included in the reporting framework is the basis for supervisors to form a clear picture on the situation of an institution in terms of business model / profitability, solvency / risk profile, liquidity and relevance for the financial system. Similarly, the information disclosed by institutions is the basis for market participants to understand and assess the institutions' situation in order to exercise market discipline. Information relevant for supervisors should be equally relevant for market participants thereby emphasizing the importance of striving for congruency.

31. The revised reporting requirements were designed also to be consistent with the disclosure requirements. Improving the consistency between the reporting and disclosure requirements, including a standardisation of formats and definitions, should also increase the efficiency and reduce the burden both with regard to institutions' reporting and disclosure obligations, and therefore facilitate the compliance with both.

2.3 Supplementary requirements as regards the reporting of macro prudential measures

32. Macroprudential policies have been widely used in past years to tackle risks and vulnerabilities identified during and after the financial crisis. In the past years, a more frequent application of these tools was observed with competent/designated authorities requesting banks to apply stricter national measures on risk weights through the use of Article 458 or to apply higher risk weights and/or stricter criteria than set out in Articles 125 and 126 CRR through the use of Articles 124 or 164 CRR. National authorities are required to notify the EBA those measures. In some cases, the EBA is asked to ensure that the measure requested is in line with the relevant standards and does not affect negatively the Single market.

33. Oftentimes there is some difficulty to have an overall view on the quantitative impact of those measures on banks' capital requirements. As pointed out in the EBA report on the range of practices regarding macroprudential policy measures,² notifications often focus on qualitative assessments. In particular, the most valuable piece of information would be the change in the risk exposure amounts (REAs) generated by the measure. This would allow an overview on the solvency ratio composition of each bank, making the figures more comparable to supervisors and allow for the assessment of the effectiveness of the measure in place, as well as an (ex-post) estimation of the impact that these measures have on capital requirements.

²

<https://www.eba.europa.eu/documents/10180/950548/EBA+report+on+the+range+of+practices+regarding+macroprudential+policy+measures.pdf>



34. Currently, COREP only includes a reference to additional stricter prudential requirements based on Article 458 of the CRR (C 02.00 - OWN FUNDS REQUIREMENTS (Row 710)). However, this information does not distinguish between the application of the measure at the home country and the application of the measure at the host country if reciprocation has been granted by the own designated authority.

35. COREP does not include any reporting information to cover the requirements in Articles 124 and 164 CRR of additional prudential requirements. The objective of the proposal included in this report is for this reason to improve the use and quality of the supervisory reporting related to macroprudential matters by adding a few additional lines that will help to access such information.

36. In the light of their very limited scope and technical impact, no public consultation has been conducted on these changes.

2.4 Other technical amendments

37. In addition to the above mentioned changes, some clarifications or corrections were implemented in templates/instructions of tables C 05.01, C 07.00 and C 67.00 due to Q&As or as a result of the use of data. In the light of their very limited scope and technical impact, no public consultation has been conducted on these changes.

3. Draft implementing technical standards

COMMISSION IMPLEMENTING REGULATION (EU) .../...

of XXX

on amending Commission Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012³ and in particular the fourth subparagraph of Article 99(5) and the fourth subparagraph of Article 415(3) thereof,

Whereas:

- (1) Commission Implementing Regulation (EU) No 680/2014⁴ specifies the modalities according to which institutions are required to report information relevant to their compliance with Regulation (EU) No 575/2013. Given that the regulatory framework established by Regulation (EU) No 575/2013 is gradually being supplemented and amended the Commission Implementing Regulation (EU) No 680/2014 needs to be updated accordingly to reflect those rules.
- (2) Given that the regulatory framework established by Commission Delegated Regulation (EU) 2015/61 on liquidity coverage requirement for credit institutions was amended by Commission Delegated Regulation (EU) 2018/1620, the Commission Implementing Regulation (EU) No 680/2014 should be updated accordingly to reflect these amendments in the reporting framework of the liquidity coverage requirements (LCR) for credit institutions;
- (3) In this context, templates and instructions of the Commission Implementing Regulation (EU) No 680/2014 should also be reviewed to reassess the convenience and appropriateness of the memo items included in the templates and instructions during the early years of implementation of that Regulation as well as to correct typos, erroneous

³ OJ L 176, 27.6.2013, p. 1.

⁴ Commission Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 (OJ L 191, 28.6.2014, p. 1).



references and formatting inconsistencies which were discovered in the course of the application of its application.

- (4) By Regulation (EU) No 2017/2402 a framework for securitisation, including a specific framework for simple, transparent and standardised securitisation has been created.
- (5) By Regulation (EU) No 2017/2401 the revised Securitisation framework approved by the Basel Committee in December 2014 and the STS specific capital framework has been implemented into the Union law. It establishes preferential treatment for STS securitisations and certain SME synthetic securitisations and among others sets out a framework for a more risk-sensitive regulatory treatment of exposures to securitisations complying with such criteria. The Commissions Implementing Regulation (EU) No 680/2014 needs to be amended to accommodate the reporting on securitisation positions subject to this new securitisation framework.
- (6) This Regulation is based on the draft implementing technical standards submitted by the European Banking Authority (EBA) to the Commission.
- (7) EBA has conducted open public consultations on the draft implementing technical standards on which this Regulation is based, 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 1093/2010⁵ in relation to those. In accordance with the second subparagraph of Article 15(1) of that Regulation, EBA has not conducted any open public consultation with regard to those parts of the draft implementing technical standards on which this Regulation is based that are either of editorial nature or introduce only a limited number of items in the supervisory reporting framework, as such consultation would be disproportionate in relation to the scope and impact of the draft implementing technical standards concerned.
- (8) Commissions Implementing Regulation (EU) No 680/2014 should therefore be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

Commission Implementing Regulation (EU) No 680/2014 is amended as follows:

- (1) Point (7) of Article 5(a) is deleted:
- (2) point (8) of Article 5(a) is replaced by the following:
 ‘(8) the information on securitisation exposures as specified in template 13.01 of Annex I, according to the instructions in Part II point 3.7 of Annex II;’
- (3) point (1) of Article 5(b) is replaced by the following:
 ‘(1) the information on all securitisation exposures as specified in templates 14 and 14.01 of Annex I, according to the instructions in Part II point 3.8 of Annex II;’
- (4) Annex I is replaced by the text set out in Annex I to this Regulation;

⁵ 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).



- (5) Annex II is replaced by the text set out in Annex II to this Regulation.
- (6) Annex XVIII is replaced by the text set out in Annex III to this Regulation;
- (7) Annex XIX is replaced by the text set out in Annex IV to this Regulation.
- (8) Annex XXIV is replaced by the text set out in Annex V to this Regulation;
- (9) Annex XXV is replaced by the text set out in Annex VI to this Regulation.

Article 2

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

This Regulation shall apply from 1 March 2020, with the exception of Article 1 points (6) to (9), which shall apply from 1 April 2020.

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

Done at Brussels,

*For the
Commission The
President*

*On behalf of the
President [Position]*

[ANNEX I]

[Templates added to Annex I of Commission Implementing Regulation (EU) N0 680/2014]

[ANNEX II]

[Instructions added to Annex II of Commission Implementing Regulation (EU) N0 680/2014]

[ANNEX III]

[Templates added to Annex XVIII of Commission Implementing Regulation (EU) N0 680/2014]

[ANNEX IV]

[Instructions added to Annex XIX of Commission Implementing Regulation (EU) N0 680/2014]



[ANNEX V]

[Templates added to Annex XXIV of Commission Implementing Regulation (EU) N0 680/2014]

[ANNEX VI]

[Instructions added to Annex XXV of Commission Implementing Regulation (EU) N0 680/201

4. Accompanying documents

4.1 Draft cost-benefit analysis / impact assessment concerning the changes due to the LCR amending Act

38. In July 2018, the European Commission adopted and published the Delegated Act amending the LCR Delegated Regulation. As a consequence the EBA is required to update the ITS on supervisory reporting in accordance with the modifications that will be introduced. Therefore, this ITS is the response to the mentioned amendments and the mandate in Article 415(3) of the CRR for the EBA to develop ITS to specify uniform formats for reporting the liquidity coverage requirements (LCR), plus instructions, frequencies, dates and deadlines .

39. As per Article 15(1) of the ESAs regulations (Regulation (EU) No 1093/2010, Regulation (EU) No 1094/2010 and Regulation (EU) No 1095/2010 of the European Parliament and of the Council), any draft ITS developed by the ESAs shall be accompanied by an Impact Assessment (IA) annex which analyses ‘the potential related costs and benefits’ of the ITS. Such annex shall provide the reader with an overview of the findings as regards the problem identification, the options identified to remove the problem and their potential impacts.

40. The EBA prepared the IA included in this consultation paper analysing the policy options considered when developing the guidelines. Given the nature of the study, the IA is qualitative in nature.

A. Problem identification

41. As required by Article 415(3) of the CRR, the EBA has developed ITS on supervisory reporting to specify uniform formats for reporting among others the LCR, plus instructions, frequencies, dates and deadlines. The first final draft ITS on supervisory reporting was published on the 26 July 2013 and came into force on 29 June 2014. Nevertheless, following the publication of the LCR Delegated Regulation which specifies the EU framework of the LCR and in order to update the mentioned ITS, the EBA published the amendment of the ITS on supervisory reporting on 24 June 2015.

42. The European Commission published on 24 January 2018 the draft LCR amending Act amending the LCR Delegated Regulation which triggers some changes in the calculation of the LCR. Therefore, a subsequent amendment of the ITS on supervisory reporting is needed.

43. Additionally, as with any other reporting requirements, while implementing the necessary amendments, the ITS on supervisory reporting shall ensure a right balance between the proportionality of the reporting burden imposed on institutions to collect and report new data



and the level of data breakdown which is appropriate to ensure effective and harmonized supervision of liquidity risks as well as a level playing field across EU jurisdictions.

B. Policy objectives

44. The update of the ITS on supervisory reporting is aimed at incorporating the necessary changes in the LCR supervisory reporting templates and instructions stemming from the amendments introduced by the LCR amending Act in the LCR Delegated Regulation.

45. As a result, the specific objectives of the amendment of the ITS on supervisory reporting are to:

- make the adequate amendments to the current ITS on supervisory reporting to properly account for the amendments included in the LCR Delegated Regulation;
- ensure that competent authorities receive all required information on the LCR and the components needed for its supervisory review and calculation;
- design a clear and fit to purpose ITS that would avoid overly burdensome reporting for financial institutions and excessive operational costs for regulators and supervisors.

46. The general objectives of the amendment of the ITS on supervisory reporting are to:

- assist institutions in fulfilling their reporting requirements under Article 415 of the CRR;
- reduce asymmetries of information on liquidity risks between supervisory authorities and credit institutions;
- increase the effectiveness of the monitoring and the supervising of liquidity risks;
- ensure there is data availability and comparability across EU jurisdictions and hence facilitate a proper functioning of cross-border supervision.

C. Baseline scenario

47. Following the implementation of the EBA FINAL draft Implementing Technical Standards on 24 June 2015, EU credit institutions have been reporting LCR data since September 2016 according to the LCR Delegated Regulation.

48. In July 2018, the European Commission adopted and published the LCR amending Act amending the LCR Delegated Regulation. This LCR amending Act triggers some changes in the calculation of the LCR which necessitates a subsequent update of the ITS on supervisory reporting.

49. Both credit institutions and national competent authorities (NCAs), have developed frameworks and processes for the collection, transmission and monitoring of LCR data. As a result, the proposed amendment of the ITS on supervisory reporting are not expected to



generate excessive incremental impact as most of the operational costs from the introduction of the amendment to the ITS on supervisory reporting have already been borne or planned by both NCAs and credit institutions (i.e. continuing cost (employed staff hours) and one-off costs (investment in IT equipment)).

50. The amendment of the ITS on supervisory reporting has also considered some additional potential updates beyond those which are a straightforward application of the upcoming regulatory LCR updates. Those are basically changes which are considered necessary after the first years of implementation of the LCR. Most of the policy options analysis is focused on the latter.

D. Options considered

51. When drafting the present amendment to the ITS on supervisory reporting, the EBA considered several policy options under three main areas:

1) **Memo items**

Memo items are included in the reporting templates as a complement to the necessary information for the calculation of the LCR ratio. The information included in memo items is not used directly to calculate the LCR ratio but provides useful information and additional granularity not included in the main section of the templates for practical reasons. Nevertheless, in many cases the information reported in these memo items is considered to have already served the purposes for which they were created in terms of providing complementary information for a better understanding of a recently introduced metric in the EU Regulation, the LCR. Therefore, while developing the amendment of the ITS on supervisory reporting, the EBA has analysed two possible options:

Option 1: Reduce the number of Memo items and keeping those strictly necessary after three years of implementation of the LCR

Option 2: Keep the current number of Memo items

2) **Information about the perimeter of consolidation for consolidated LCR**

Current templates do not allow the identification of the subsidiaries whose LCR information is included and reported in consolidated level as well.

The identification of all the subsidiaries which data is reported in the perimeter of consolidation of LCR is important in order to be able to properly monitor the LCR. Therefore, the EBA has analysed two possible options:

Option 1: Include a new template showing the perimeter of consolidation for LCR (C 77.00)



Option 2: *Keep the current templates and not to include the information about the perimeter for LCR*

3) **Excess operational deposits:**

Current templates do not allow identifying the excess of operational deposits. This is key information for the correct calculation and monitoring of the LCR. Operational deposits have favourable outflow rates for the amount required for the provision of operational services as defined in the LCR Delegated Regulation. Nevertheless, the same operational deposit - bank account could include funding that excess the funds strictly required for the provision of operational services. These additional funds should not apply the mentioned favourable outflow rate. In this sense, the EBA has assessed two possible options:

Option 1: *Identification of the excess operational deposits separately*

Option 2: *Keep them reported under the non-operational deposits*

E. Assessment of the options and preferred option

52. In respect to the different options considered, the EBA has assessed their potential cost and benefits, and has selected a preferred option in the three main areas considered:

1) **Memo items**

As explained before, memo items provide useful information to supervisors with extra granularity not included in the main body of the templates. Nevertheless, overall, the information reported by banks on memo items has already served its purposes of providing complementary information on the LCR during its first years of implementation.

On the other hand, a significant number of memo items is burdensome for banks. Reducing the information in memo items significantly could allow banks to have additional resources available to implement and fill the new reporting requirements necessary as a consequence of the implementation of the Delegated amending Act .

Therefore, the preferred option is **Option 1:** *Reduce the number of Memo items to those not available anywhere else in the supervisory reporting.*

Nevertheless, some information that is currently reported as a Memo item may be considered extremely important. This information will remain.

2) **Information about the perimeter of consolidation for consolidated LCR**

In order to be able to properly monitor the LCR at a consolidated level, supervisors need to be able to identify the subsidiaries included in the perimeter of consolidation for LCR



reporting. Therefore, the preferred option is **Option 1: Include a new template showing the perimeter of consolidation for LCR (C 77.00)**

The inclusion of this information will be done by including a new separate template (template C 77.00) to provide the information for perimeter for liquidity only. The template will include the name and information of the parent company and all the subsidiaries included in the LCR perimeter. The number of additional cells to be reported by banks is limited (4 cells per subsidiary included in the perimeter) and the information request here is easy to find as no calculations are needed. Therefore, the inclusion of the new template is not burdensome for banks.

3) **Excess operational deposits:**

As previously mentioned, the identification of the excess operational deposits is key to properly calculate the LCR ratio. Additionally, it has been proved to be a relevant item for supervisors to closely monitor the LCR ratio, due to the lack of accuracy of its definition in the LCR Delegated Regulation and the impact it may have. In addition to it, envisaging separate rows in the reporting templates for their identification is key for an appropriate supervisory review. Therefore, the preferred option is **Option 1: Identification of the excess operational deposits separately**. The result is including separate rows for these deposits in template C73.00.

4.2 Draft cost-benefit analysis / impact assessment concerning the changes due to the new securitisation framework

As per Article 15(1) of Regulation (EU) No 1093/2010 (EBA Regulation), any implementing technical standards developed by the EBA shall be accompanied by an Impact Assessment (IA), which analyses 'the potential related costs and benefits'.

The analysis presented in this section focuses on the implications of the revision to the securitisation framework, which has taken place both at global and at European level, on some of the COREP templates. At the EU level, an amendment of Regulation (EU) No 575/2013 ('CRR Regulation') by Regulation (EU) 2017/2401 and the adoption of new securitisation legislation by Regulation (EU) 2017/2402 entered into force in January 2018, with direct applicability in January 2019. These legal acts have implications also on the reporting side, specifically for COREP templates C 12.00-C 14.00 and C 19.00-C 20.00, as described in the CP above. Given the nature and the scope of the revisions, the IA is qualitative in nature.



A. Problem identification

As part of its Capital Markets Union (CMU) project and following a revised Basel securitisation framework, the European Union published a new Securitisation Regulation (Regulation (EU) 2017/2402) and an amendment of the CRR Regulation by Regulation (EU) 2017/2401. These legal acts imply significant reform of the EU's securitisation legislation in many aspects.

Inter alia, they include aspects such as risk retention, transparency and create a framework for simple, transparent and standardised (STS) securitisation. Relevant for the proposed template changes, the revisions represent a transposition of the revised Basel standards from December 2014 (Basel III) with respect to the hierarchy of rating approaches. Specifically, the revisions reduce reliance on external ratings and aim to simplify and limit the number of approaches used for establishing the risk weights of securitisation exposures. The calibration of the revised Basel securitisation framework aims to preserve the hierarchy of the approaches; that is lower capital requirements under the SEC-IRBA, and the same capital requirements under SEC-ERBA and SEC-SA.

Under Basel II there was a clear separation of treatment between securitisation exposures under the SA and IRB. Both approaches in the first instance relied on external ratings for rated exposures. If no external ratings were available for the securitisation, assessments were different under the two approaches (i.e. Look-through Approach under SA versus Internal Assessment Approach under IRB).

The new framework reduces this reliance on external ratings and enhances the framework's risk sensitivity. The two approaches are merged into just one hierarchy: (i) securitisations with underlying IRB exposures rely on internal models (if sufficient information is available, otherwise the SA applies); (ii) securitisations with underlying SA exposures are treated under the SA. (iii) There are various exceptions under which the exposures are still treated using external ratings.

Hence, the Look-through Approach versus and the Internal Assessment Approach have been removed and replaced by the same set of approaches to be applied for all exposures. Therefore, reporting requirements under SA and IRB do not need to be different any longer, but can be treated in the same template. Further, the calibrations in the external ratings look-up tables have been revised.

The reporting framework V 2.8, applicable as of reference date 31 December 2018, already partially reflects the revised securitisation framework introduced in January 2018, and will apply as of 2019 for a one-year transition period. COREP templates had to be amended swiftly to allow at least the minimum level of information needed under the new framework to be reported starting already from January 2019. As a result, additional rows were temporarily added to COREP template C 02.00. They include basic information on the risk weight amounts for securitisation exposures under the various new approaches (i) – (iii) above. This additional information is however not granular enough (e.g. no on versus off-balance sheet information) to get a complete picture of the entire new framework.



The significant changes to the European securitisation framework call for a more fundamental change to the EBA COREP template to ensure reporting is aligned and produces the most efficient and effective way for data to be disseminated and as a consequence ensures that it can be used in a reliable way.

B. Policy objectives

The revised templates aim to fully align the reporting under COREP with the provisions under the revised EU securitisation framework. The changes made predominantly relate to the hierarchy of rating approaches described above.

Further, the revisions of the templates proposed in the CP present an opportunity to begin collecting data items identified as data gaps. Given the importance of securitisation for supporting the European bank funding market, and in particular the EU's priorities to develop this segment further as part of the CMU project, availability of detailed data for analysis and monitoring of trends is crucial.

C. Options considered

This section presents the main policy options discussed and the decisions made during the development of the updated templates. Advantages and disadvantages, as well as potential costs and benefits of the policy options and the preferred options resulting from this analysis are also reported.

Option 1: No action: do not revise/update the COREP templates but keep the transitional templates which include some additional rows only in template C 02.00.

Option 2a: Intervention: Change the reporting templates by in particular merging the SA and IRB templates (templates C 12.00 and C 13.00) in order to fully align them with the revised securitisation framework, and changing the content of C 14.00 and C 19.00-C 20.00. Moreover, the transitional rows in template C 02.00 would be removed.

Option 2b: Intervention: Change the reporting templates by in particular merging the SA and IRB templates (templates C 12.00 and C 13.00) in order to fully align them with the revised securitisation framework, and changing the content of C 14.00 and C 19.00-C 20.00. In addition, improve the level of information and granularity in the COREP templates (C 12.00-C 14.00). Moreover, the transitional rows in template C 02.00 would be removed.

D. Assessment of the options and preferred options

The reporting framework under V 2.8 on securitisation already reflects the revised securitisation framework introduced in January 2018, but only partially. When the securitisation framework was amended, COREP templates had to also be amended swiftly to allow at least the minimum level of



information needed under the new framework, to be reported starting from 2019. This resulted in a temporary solution where additional rows were introduced into the existing template C 02.00 under 'Other risk exposure amounts'. These additional rows include basic information on the risk weighted exposure amounts under each of the new approaches. The original rows 220 and 430 on securitisation exposures under IRB and SA remain in the temporary template to accommodate securitisations treated under the previous framework.

2019 will be a transitional year, where securitisation exposures originated before 2019 will be treated under the old framework and will be reported in rows (220 and 430 in template C 02.00) and templates C 12.00 and C 13.00, while exposures originated from January 2019 onwards will be treated under the new framework and reported in the new additional rows in template C 02.00. From 2020 onwards, all securitisations will be treated under the new framework, rendering templates C 12.00 and C 13.00 obsolete.

However, the transitional solution for reporting does not fully reflect the new framework of one single hierarchy and does not provide all relevant information. More information on the various approaches SEC-IRBA, SEC-SA, SEC-ERBA is needed in the long-run, also to re-align the level of information on securitisations again with the COREP information on other exposure classes, given that the current templates C 12.00 and C 13.00 with more granular securitisation information will no longer be applicable to the new hierarchy. Information such as the institutions' role (i.e. originator/sponsor/investor), CQS, exposure values, caps, etc. would then be missing. This implies that the do nothing option should be discarded since it would not allow to get the information needed for supervisors to assess whether banks comply with the new prudential framework.

In Option 2a, the proposed revised templates merge COREP template C 12.00 and C 13.00 into one, to reflect the new structure of having one hierarchy only. Both securitisation exposures under SA and under IRB would be reported in this new template. The column headings are adjusted to reflect the reduced number of approaches used under the revised framework. Moreover, changes to the Basel framework had to also be reflected with some changes to templates C 14.00 and C 19.00-C 20.00. It is to be noted that under Option 2a, the changes in reporting simply reflect changes in the underlying prudential regulation, with little discretion for the reporting standard setter.

In fact, to ensure full consistency, it is crucial that changes in the Level 1 text are reflected appropriately and fully in the related templates. Transparency and clarity is essential for effective reporting. Whilst initially this will potentially imply some adjustments in the reporting for institutions (in the form of for example more time needed for filling in the templates as cells will have changed); in the long run it is assessed that the benefit of the improved clarity and consistency will significantly outweigh the cost.

Concluding from the above reasoning, **Option 2a** is superior to Option 1.

Requiring more detailed information than is currently provided in COREP templates C 12.00-C 14.00 was considered under another Option 2b.



A higher level of granularity implies an increased reporting burden for banks. Nevertheless, this is expected to be limited since banks should have this kind of information readily available already. However, feedback on this will be sought again as part of the public consultation.

Restarting the securitisation market in Europe is crucial. The segment has remained subdued since the 2008 financial crisis. This is likely to be the result of both the remaining negative stigma attached to this market, as well as structural issues inherent in this segment. Securitisation can be an important tool to increase and channel funding to the real economy, especially SMEs which are heavily dependent on bank funding in Europe and which at the same time form the backbone of the EU economy and could benefit from a well-functioning securitisation market.

At the same time, the pre-crisis situation where supervisors were unable to monitor developments and banks' positions needs to be avoided. It will therefore be important to be able to monitor developments in securitisation exposures and related capital requirements and to monitor and assess current regulation's prudential impact on the EU banking sector. This will in turn allow regulators and legislators to make a judgement if further amendments might be needed.

In addition, the report on the financial stability implications of the securitisation market which is to be written by the ESRB and EBA at least every three years, mandated under the new securitisation legislation (Regulation (EU) 2017/2402) Article 31, would also benefit from an increased level of granularity of information collected.

The current COREP templates C 12.00-C 14.00 lack some key information for monitoring the impact of the hierarchy of approaches as set out in Article 254 of the CRR Regulation and for the calculation of the risk-weighted exposure amounts of securitisation positions as set out in Articles 258 to 266 of the CRR Regulation.

Therefore, **Option 2b** – to improve the level of information and granularity in COREP templates C 12.00-C 14.00, as currently presented in the CP, is superior to Option 2a and is the preferred option in terms of costs and benefits.

D. Conclusion

Based on the above considerations, the overall impact from the implementation of these revised templates is justified as supervisors and regulators need to have the correct set of data in line with the new framework. The benefits from improved clarity through alignment with recent framework revisions are assessed to outweigh the costs.



Feedback on the public consultation

53. The EBA publicly consulted on the draft proposal on the changed requirements as regards the reporting of information on LCR and securitisations.
54. The consultation period regarding LCR lasted for two months and ended on 26 October 2018. The EBA received 9 responses, of which 5 were published on the EBA website.
55. The consultation period regarding securitisations lasted for three months and ended on 27 November 2018. The EBA received 7 responses, of which 5 were published on the EBA website.
56. This section presents a summary of the key points and other comments arising from the consultation, the analysis and discussion triggered by these comments and the actions taken to address them if deemed necessary.
57. In general the respondents were supportive of the changes introduced both in LCR and securitisations and no major points were raised neither in the public hearing neither in the replies for the public consultation.
58. In many cases several industry bodies made similar comments or the same body repeated its comments in the response to different questions. In such cases, the comments, and EBA analysis are included in the section of this paper where EBA considers them most appropriate.
59. Changes to the draft ITS on supervisory reporting have been incorporated as a result of the responses received during the public consultation.



Changes requirements as regards the reporting of information on LCR: Summary of responses to the consultation and the EBA’s analysis

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
General comments			
Reporting in currencies	<ul style="list-style-type: none"> ▪ One respondent argues that it is unclear what are “off-balance sheet items” excluded from the aggregated liabilities as defined in Article 4, paragraph 5, point (b) of the draft Delegated Regulation amending Delegated Regulation (EU) 2015/61 and in Article 415, paragraph 2, point (a) of the draft Regulation amending Regulation (EU) 575/2013. The respondent argues that they don’t know how to manage this requirement. The list of off-balance sheet liabilities depends on the accounting standard applied by each credit institution (national GAAP or IFRS). As a consequence, they ask for the definition of an exhaustive list of excluded off-balance-sheet liabilities. 	<ul style="list-style-type: none"> ▪ Each credit institution should consider as off-balance sheet items for these purposes those items recognized as such in accordance with the accounting standards that each credit institution applies. 	<ul style="list-style-type: none"> ▪ No amendment



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
Calculation formulas	<ul style="list-style-type: none"> One respondent considers unfortunate that calculation formulas of the ratio have not been included in the C73.00, C74.00, C 75.00 and C76.00 template to better understand the modifications of the corrigendum related to the new calculation of inflows on secured transactions and collateral swaps and generally for the ratio calculation. 	<ul style="list-style-type: none"> The instructions for these templates contain the necessary details in line with the LCR Delegated Regulation for their appropriate elaboration and submission. The EBA is considering to update the “LCR calculation tool” published in its website after the final publication of the ITS by the European Commission. The “LCR calculation tool” contains interrelated formulas for the various items across the various templates. As a reminder, this “LCR calculation tool” is only for informative purposes, has no legal value and does not exonerate credit institutions from their responsibility when reporting the LCR templates in accordance with the regulation in place. 	<ul style="list-style-type: none"> No amendment
“Collateral market value” columns in C 73.00/C 74.00 and “Liquidity Value of collateral” in C 75.00	<ul style="list-style-type: none"> One respondent asks if these columns are still needed as they understand they should not be taken into account in the calculation anymore. 	<ul style="list-style-type: none"> Market value of collateral in C 73.00 and C 74.00 provides useful information to monitor the calculation of the liquidity value. Furthermore, it provides information of the over-collateralisation of the relevant repo/reverse repo transactions. The liquidity value of the collateral in C 75.00 is necessary 	<ul style="list-style-type: none"> No amendment



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
		to understand the unwind mechanism of the relevant legs in the collateral swaps for the determination of the HQLA caps in the liquidity buffer.	

Responses to questions in Consultation Paper EBA/CP/2018/12

Question 1. Do respondents have any comment on the changes made in C 72.00?	<ul style="list-style-type: none"> One respondent explicitly supported the amendments in C 72.00. No further comments received. 		
Question 2. Do respondents have any comment on the changes made in C 73.00?	<p>Secured funding transactions with central banks</p> <ul style="list-style-type: none"> One respondent suggested that rows 930 to 1010 on secured funding from central banks should be modified and reflect only those transactions with domestic central banks, triggering 0% outflow rate, rather than transactions with all central banks, reflecting an average rate. The same issue is raised with regard to collateral swaps. 	<p>Secured funding transactions with central banks</p> <ul style="list-style-type: none"> For monitoring purposes, splitting secured funding transactions into those with central banks and those with other counterparties seem to provide more useful information from a liquidity/funding perspective in the LCR rather than just by the outflow rates applied. The average weight to be reported results from dividing the total outflows by the total amount in each row. 	<ul style="list-style-type: none"> Row 911 has been deleted. Information in row 911 has been incorporated into row 918.



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<ul style="list-style-type: none"> ▪ One respondent asks for clarification on the treatment of repos with central banks. They consider that it would be useful for clarification purposes to add in the reporting instructions that even though the standard weight is 0% for repos with central banks, the applicable weight should be an average of rates (depending on the central banks as counterparty) and can be therefore be different from 0%. <p>“Of which” items</p> <ul style="list-style-type: none"> ▪ One respondent asked for detail and examples in the instructions on how rows on “of which collateral extended meets operational requirements” within rows 945 to 1095 will be used in the “buffer adjustment” formula in C 76.00, and how both legs of the transaction will be treated for the buffer adjustment needs (for both scenarios where the criteria is met, and not met and for the different types of operational criteria). 	<ul style="list-style-type: none"> ▪ Instructions on column 050 on “applicable weight” specifies that the applicable weights may result in weighted average values. This applies for all transactions triggering outflows. The EBA is of view that it is not necessary to repeat this in the instructions of any specific row where indeed references to the relevant provisions in the LCR Delegated Regulation determining their treatment are envisaged. <p>“Of which” items</p> <ul style="list-style-type: none"> ▪ The ITS on LCR reporting needs to stick to the implementation of the LCR Delegated Regulation. Commission Delegated Regulation (EU) 2018/1620 of 13 July 2018 amending Delegated Regulation (EU) 2015/61 does not require anymore, as is the case now, compliance with the operational requirements for the qualification of the collateral within the different types of HQLA and therefore for the determination of the relevant outflow rate in secured funding transactions. 	



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<ul style="list-style-type: none"> ▪ One respondent suggests removing the “of which” rows and calculate the outflows of secured funding transactions by applying the relevant outflow rate under the consideration that the underlying collateral qualifies as HQLA if meeting operational requirements only, i.e. as in the current templates in place. They consider that the approach in the template will allow a positive net effect on the buffer, if the repo is collateralised by for example L1 assets not meeting operational requirements and, however, no outflow will be recognized. In their view, this creates an unbalance in term of liquidity transfer. In this case, they think that an outflow should be recognised, as in the current templates in place, to offset the positive net effect in the buffer. <p>This respondent has similar concerns with regard to reverse repos and relevant inflows in C 74.00. They suggest removing the “of which” rows and calculate the inflows of secured lending transactions by applying the relevant inflow rate under the</p>	<p>Therefore, the template necessitates granularity in the secured funding transactions to, on the one hand, calculate outflows (irrespective of compliance with operational requirements) and, on the other hand, for the purposes of the unwind mechanism of the repos in the calculation of the caps in the buffer (where operational requirements need to be met in the collateral for the secured funding to be unwound). The same applies in the case of secured lending, in C 74.00, and collateral swaps, in C 75.00.</p> <ul style="list-style-type: none"> ▪ The information in C 72.00 on liquid assets is not enough to unwind secured lending, secured funding or collateral swaps transactions in the calculation of the liquidity buffer. Cash legs in repos or reverse repos to be unwound are only available in C 73.00 and C 74.00. Non-cash collateral posted in repos or collateral swaps that need to be unwound are not available in C 72.00. Non-cash collateral received in reverse repos or collateral swaps that need to be unwound 	



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>consideration that the underlying collateral qualifies as HQLA if meeting operational requirements only. They consider that the approach in the template will prompt a negative net effect on the buffer, if the reverse repo is collateralised by for example L1 assets not meeting operational requirements and, however, no inflow will be recognized. In their view, this creates an unbalance in term of liquidity transfer. In this case, they think that an inflow should be recognized to offset the negative net effect in the buffer.</p> <p>This respondent has similar concerns with regard to collateral swaps for the same reasons.</p> <ul style="list-style-type: none"> One respondent is of view that the “of which collateral extended meets operational requirements’ rows added in C.73.00 are requesting double information without creating additional insights. They argue that the same information is included in C.72.00, where the liquid assets 	<p>are only identified in C 73.00 and C 74.00. C 72.00 contains available HQLA not only stemming from reverse repos or collateral swaps, e.g. from outright purchases.</p> <ul style="list-style-type: none"> Instructions for template C 76.00 contain details in line with the LCR Delegated Regulation for the application of the unwind mechanism of secured funding, secured lending and collateral swaps in the determination of the caps in the calculation of the liquidity buffer. The EBA is considering to update the “LCR calculation tool” published in its website after the final publication of the ITS by the European Commission. The “LCR calculation tool” contains interrelated formulas for the various items across the various templates. As a reminder, this “LCR calculation tool” is only for informative purposes, has no legal value and does not exonerate credit institutions from their responsibility when reporting the LCR templates in accordance with the regulation in place. 	



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>have to comply with Article 8 LCR Delegated Regulation and the collateral legs of the repo transactions are already taken into account. They add that in case of a repo transaction the collateral given is subtracted from the Liquid Assets in C.72.00. Hence, Article 17 LCR Delegated Regulation can be applied in full on C.72.00. They are not in favor to have separate reporting lines as, in their view, this increases the reporting burden substantially (14 additional rows) and would like to propose to remove the new ‘of which collateral extended meets operational requirements’ rows.”</p> <p>The same respondent raised the same concern on reverse repos in C 74.00 where, in their view, the collateral received is added to the Liquid Assets in C 72.00. They argue that Article 17 can be applied in full on C 72.00 and that therefore the “of which collateral extended meets operational requirements” are requesting double information without creating</p>		



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>additional insights and therefore should be removed.</p> <p>They raise the same comment on collateral swaps in C 75.00 where they consider that the collateral received/given is added to/subtracted from the Liquid Assets in C.72.00 and that Article 17 can be applied in full on C 72.00.</p> <ul style="list-style-type: none"> ▪ One respondent acknowledges that the “of which” rows in C 73.00, C 74.00 and C 75.00 with regard to secured funding, secured lending and collateral swaps might help to ensure a proper unwinding. However they add that these new elements generate a greater workload and therefore reduce the possibility of achieving greater simplification of the reporting process. <p>Excess operational deposits</p> <ul style="list-style-type: none"> ▪ A respondent is not in favor to include the category “Excess Operational deposits”. As both the ‘excess operational deposits’ and non-operational deposits are treated in the 	<p>Excess operational deposits</p> <ul style="list-style-type: none"> ▪ The EBA is of view that it is key to have separate rows for “excess operational deposits” for an appropriate monitoring of 	



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>same manner, they would prefer the old template structure where those were included in the same row within the C.73.00. The additional category only creates additional reporting burdens for the institutions while the added value is limited as both were in the past already reported in the same way (it adds 5 extra rows to the C.73).</p> <ul style="list-style-type: none"> ▪ Another respondent considers that the inclusion of new and separate rows on “excess operational deposits” is necessary for the purposes of an adequate supervisory monitoring of these elements due to the material impact they have in the calculation of the LCR. Nevertheless they are of view that since the identification of those amounts is a very complex task they should be kept being reported under the current non-operational deposits, which would not impact the LCR calculation. <p>Others</p>	<p>the amounts of operational deposits that are identified as not necessary for operational services. Otherwise it is not possible to monitor the approaches applied for the quantification of their amounts beyond the outflow rate applied. Indeed the EBA is aware of the difficulties in implementing practical approaches to assess the amount of the “excess operational deposits”. Due to these difficulties and to the high impact they have in the final LCR value the EBA intends to publish in 2019 indicative guidance for the calculation of these amounts in a harmonized manner.</p> <p>Others</p>	



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<ul style="list-style-type: none"> ▪ One respondent asks for a revision of C73.00 and C 75.00 to incorporate rows that, consistently with the LCR Delegated Regulation, capture secured transactions and collateral swaps with eligible counterparties where, as per Article 28(3) and 28(4) of the LCR amending Delegated Regulation, the outflow rates are capped by 25%. ▪ One respondent considers that the specific identification requirements for transactions made against a collateral pool (Annex 2, Part 2 Outflows, General remarks, paragraph 10) are operationally and technically very demanding. Starting from the least liquid assets is considered to raise operational and reporting constraints 	<ul style="list-style-type: none"> ▪ The referred transactions where the outflow rate is capped by 25% as per the last subparagraph of Article 28 (3) and (4) of LCR Delegated Regulation are to be reported together with the other secured transactions where the collateral is of the same type. This means that applicable weight to be reported by credit institutions should be an average for all the transactions reported under the same row. No separate rows are provided in the templates since 9 rows would be necessary for these transactions, i.e. collateralised by different types of level 2b or non-HQLA and differentiating those where operational requirements are met. ▪ The EBA considers that the approach proposed is not new since it is in line with Q&A 801 published in October 2015 on borrowing against collateral pool generally and consistently with the approach envisaged in Article 7(2)(a) of the LCR Delegated Regulation, for the same 	



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>that will need a comprehensive assessment by competent authorities.</p> <ul style="list-style-type: none"> ▪ A respondent is not in favor of adding a new category “1.1.1.1. deposits exempted from the calculation of outflows” as it higher the reporting burdens for the reporting institution, does not add any value and does not impact the LCR calculation. 	<p>purposes, in the context of credit lines against collateral pools. It is considered necessary to provide a harmonized approach for the identification of the collateral used.</p> <ul style="list-style-type: none"> ▪ This item is already envisaged in the current template as a memo item. The EBA is of view that this element is absolutely key in the monitoring of the LCR. Indeed the EBA intends to publish in 2019 some indicative harmonized guidance for the identification of these deposits due to the different approaches observed in practice and their high impact in the LCR. This item does not trigger outflows as is the case in other items, for example, repos collateralised by level 1 assets subject to 0% haircut,... The item has been put together with the rest of retail deposits for consistency purposes and in order to highlight the importance of the reporting quality of the item. 	



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<ul style="list-style-type: none"> ▪ One respondent asks which specific triggers the instructions refer to with regard to row 870 of C 73.00. ▪ One respondent does not understand the difference between row 918 on “Others” and row 911 on “Other liabilities”. They suggest removing one of these items. ▪ One respondent is not in favor to add any additional memorandum items due to higher operational burdens for the reporting institutions. 	<ul style="list-style-type: none"> ▪ The instructions simply intend to reflect the type of transactions, including contingent outflows triggers, where “other products and services” not contemplated in specific rows in the template, might be expected and therefore reported as “others”. Their identification remains to the credit institutions’ assessment in the context of their own particular transactions and as per Article 23 of the LCR Delegated Regulation, particularly under its point (a) of paragraph 1 when it refers to other contingent funding obligations. ▪ The EBA agrees that row 918 and 911 should not be presented separately and will merge the content of both rows into one. ▪ The EBA has made an effort to reduce to a great extent the number of memo items. Those that have been added respond to clear 	



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
		<p>needs for supervisory monitoring purposes in the context of new regulatory developments due to the LCR amending Act. This is mainly the case of those included in C 73.00, C 74.00 and C 75.00 in the context of the application of the new unwind waiver for some repos, reverse repos and collateral swaps as per Article 17(4) of the LCR Delegated Regulation.</p>	
<p>Question 3. Do respondents have any comment on the changes made in C 74.00?</p>	<ul style="list-style-type: none"> ▪ One respondent suggests removing all 'of which' positions like "1.2.1.1.1 of which collateral received meets operational requirements" since the assets received could change every day. This fact leads in its opinion to reporting items showing a value of zero. This respondent asks for a clarification of what exactly to report, including illustrative examples, if this amendment is not implemented. ▪ Another respondent considers that items on “of which collateral received meets operational requirements” within rows 271 to 335 do not seem necessary. It considers 	<ul style="list-style-type: none"> ▪ The ITS on LCR reporting needs to stick to the implementation of the LCR Delegated Regulation. Commission Delegated Regulation (EU) 2018/1620 of 13 July 2018 amending Delegated Regulation (EU) 2015/61 does not require anymore, as is the case now, compliance with the operational requirements for the qualification of the collateral within the different types of HQLA and therefore for the determination of the relevant inflow rate in secured lending transactions. <p>Therefore, the template necessitates granularity in the secured lending</p>	<ul style="list-style-type: none"> ▪ No amendment



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>that for L1/L2A/L2B category, as the inflow rate given in each “principal” row corresponds to the haircut (respectively 0%,7%, etc.) , it means that it is already expected that such assets are buffer eligible, therefore they verify the operational criteria (and it is not necessary to report them in a dedicated “off which” row).</p> <ul style="list-style-type: none"> ▪ One respondent supported particularly the split between central bank and non-central bank counterparties on reverse repos transactions. 	<p>transactions to, on the one hand, calculate inflows (irrespective of compliance with operational requirements) and, on the other hand, for the purposes on the unwind mechanism of the reverse repos in the calculation of the caps in the buffer (where operational requirements need to be met in the collateral for the secured lending to be unwound). The same applies in the case of secured funding, in C 73.00, and collateral swaps, in C 75.00.</p> <ul style="list-style-type: none"> ▪ In accordance with the ITS on Supervisory Reporting (Commission Implementing Regulation (EU) No 680/2014) credit institutions shall report to their competent authority the LCR referred to the end month date. Therefore secured transactions have to be reported as collateralised on that date. Irrespective of this, credit institutions have to calculate and monitor the LCR and if, at any time, the LCR has fallen or can be reasonably expected to fall below 100%, it shall immediately be notified to the relevant competent authority. Therefore secured 	



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
		<p>transactions have to be monitored and calculated over time considering the existing collateral each time.</p> <ul style="list-style-type: none"> ▪ The instructions clarify that the standard weights are those specified in the LCR Delegated Regulation by default and are provided for information only. Indeed the instructions explain that the applicable weights may result in weighted average values. In the particular case of secured lending transactions (or secured funding transactions) the LCR Delegated Regulation does not differentiate between the inflow rates (or outflow rates) to be applied when the operational requirements are met or not. The rates are related to the haircuts of the collateral only. Therefore, in the case of secured transactions, the standard weights do not determine whether or not the collateral in the relevant secured transactions are meeting the operational requirements. 	



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<p>Question 4. Do respondents have any comment on the changes made in C 75.00?</p>	<ul style="list-style-type: none"> ▪ One respondent is of the opinion that, in order to monitor the usage of the newly introduced waiver for the HQLA unwinding mechanism, if the counterparty is a central bank, template C75.00 should be altered in another fashion with minimal impact for the supervised institutions: <ul style="list-style-type: none"> ➤ Item 1 "TOTAL COLLATERAL SWAPS (counterparty is central bank)" should not distinguish between counterparties and hence should read "TOTAL COLLATERAL SWAPS (all counterparties)". ➤ Item 2 "TOTAL COLLATERAL SWAPS (counterparty is non-central bank)" should be changed into an optional 'of which' position and hence should read "OF WHICH COLLATERAL SWAPS with counterparty is central bank (in case of using the waiver for the HQLA unwinding mechanism)". 	<ul style="list-style-type: none"> ▪ The LCR amending Act has introduced a differentiated approach in the calculation of inflows and outflows when it comes to collateral swaps with domestic central banks. For consistency reasons, the EBA intends to keep the same structure in C 75.00 as in C 73.00 and in C 74.00 by differentiating secured transactions and collateral swaps with central banks and with other counterparties than central banks. 	<ul style="list-style-type: none"> ▪ No amendment



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<p>Question 5. Do respondents have any comment on the changes made in C 76.00?</p>	<ul style="list-style-type: none"> ▪ One respondent asks for the inclusion in column 010 “Value / Percentage” of the template C 76.00 of all calculation formulas defined in “Part 5: Calculations” of Annex 2 of the Commission Implementing Regulation amending Implementing Regulation (EU) N°680/2014. The respondent argues that this is to ensure a consistent application of the prudential formulas. ▪ One respondent asked how the alignment of the calculation of liquidity inflows and outflows for Repos, Reverse Repo and Collateral swaps is to be implemented. It argues that there are no formulae in the published templates and so it is not clear if additional work will be required or if there will just be a change in the calculation template C 76.00. 	<ul style="list-style-type: none"> ▪ Instructions for template C 76.00 contain details in line with the LCR Delegated Regulation for the calculation of the liquidity buffer, the net outflows and the ratio. The EBA is considering to update the “LCR calculation tool” published in its website after the final publication of the ITS by the European Commission. The “LCR calculation tool” contains interrelated formulas for the various items across the various templates. As a reminder, this “LCR calculation tool” is only for informative purposes, has no legal value and does not exonerate credit institutions from their responsibility when reporting the LCR templates in accordance with the regulation in place. 	<ul style="list-style-type: none"> ▪ No amendment



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<ul style="list-style-type: none"> ▪ One respondent explicitly supported the amendments in C 76.00. ▪ One respondent asked if there would be any change in the formulas included in the tab 76 related with the unwind of the secured lending and capital market-driven transactions, in line with the new items (new rows and memo items) included in the tab 73 and 74. 		
<p>Question 6. Do respondents have any comment on the new template C 77.00?</p>	<ul style="list-style-type: none"> ▪ One respondent requests considering the frequency of the requirement for the perimeter of consolidation. In its view, other templates can be accommodated on a different frequency (for example: FinRep template F.40 which is annual and COREP template C6 Group Solvency which is semi-annual, both of which include regulatory perimeter information). <p>It adds that, whilst annual may be too infrequent for LCR, perhaps quarterly frequency could be accommodated. It explains that, whilst the main trading</p>	<ul style="list-style-type: none"> ▪ The EBA is of view that a monthly update of C 77.00 should be something manageable and not excessively burdensome since it is just a list of names without any indication of difficult quantitative calculations. ▪ The EBA considers that template C 77.00 is necessary. For example the perimeter of consolidation of single liquidity subgroups cannot necessarily be identified in other templates. ▪ The column “item” will remain empty and only for credit institutions to fill in. 	<ul style="list-style-type: none"> ▪ Column “item” has been redrafted in the instructions and in the template. ▪ Column “code” has been deleted.



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>companies with cashflows tend to remain stable, in large organisations there can be more frequent changes as regards other entities, eg: wind up of dormant entities, which may have little or no liquidity impact but which will result in additional administrative overhead if a full listing is to be revalidated on a monthly basis and in time for the LCR submission date.</p> <ul style="list-style-type: none"> ▪ Three respondents do not consider this template to be effective/necessary as much of this information is already reported (name, LEI code, etc., for example in FINREP-Template 40.1 Group structure: "entity-by-entity") and would not be in line with the current political attempt to avoid the creation of and eliminate existing redundancies as to reporting requirements for banks. In case of data insufficiencies they recommend enhancing column 150 of 40.1 Group structure: "entity-by-entity". It is suggested that it would make more sense to include all scopes in a single spreadsheet instead of dividing them into multiple 	<ul style="list-style-type: none"> ▪ The EBA understand that the current definition of the level of consolidated is accurate and reflects all the possible LCR consolidated report that need to be submitted. 	



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>spreadsheets where more or less the same information is requested.</p> <ul style="list-style-type: none"> ▪ One respondent proposes to revise the list of items in column “item” in order to reflect the various levels of consolidation of banking groups with the introduction of 3 types of entities: “consolidated parent”, “sub-consolidated parent” and “entity”. It is added that this column should be completed by credit institutions. ▪ In case of data insufficiencies of template 40 for the purpose of LCR reporting they recommend enhancing column 150 of 40.1 Group structure: "entity-by-entity". ▪ One respondent asked for clarification on what should be reported in column 020 – “code” and what is meant by “national reporting system”. 		



Overview of the changes to the calculation of liquidity outflows and liquidity inflows related to secured transactions that are maturing within 30 calendar days in the context of the LCR

From the perspective of the reporting credit institution	Treatment under the current EU LCR regulation	Treatment under the LCR amendment
Secured funding transaction maturing within 30 calendar days	$Outflow = \text{Amount of cash borrowed} * \text{Outflow rate}$ (which is generally aligned with the LCR haircut applied to collateral provided)	$Outflow = \text{Amount of cash borrowed} * \text{Outflow rate}$ (which is generally aligned with the LCR haircut applied to collateral provided)
Secured lending transaction maturing within 30 calendar days	$Inflow = \text{Amount of cash lent} - (\text{Market value of collateral received} * (1 - \text{LCR haircut applied to collateral received}))$	$Inflow = \text{Amount of cash lent} * \text{Inflow rate}$ (which is generally aligned with the LCR haircut applied to collateral received)
Collateral swap transaction maturing within 30 calendar days	$Outflows = (\text{Market value of collateral received} * (1 - \text{LCR haircut applied to collateral received})) - (\text{Market value of collateral provided} * (1 - \text{LCR haircut applied to collateral provided}))$ (if difference is > 0). $Inflows = (\text{Market value of collateral provided} * (1 - \text{LCR haircut applied to collateral provided})) - (\text{Market value of collateral received} * (1 - \text{LCR haircut applied to collateral received}))$ (if difference is > 0)	$Outflow$ (only where collateral received is subject to lower LCR haircut than collateral provided) = Market value of collateral received * (LCR haircut applied to collateral provided – LCR haircut applied to collateral received) $Inflow$ (only where collateral provided is subject to lower LCR haircut than collateral received) = Market value of collateral provided * (LCR haircut applied to collateral received – LCR haircut applied to collateral provided)

Under the current EU LCR regulation, the compliance of the collateral involved in secured transactions (including collateral swaps) with the operational requirements for HQLA referred to under Article 8 of the LCR Delegated Regulation is relevant to determine whether the underlying transaction can be treated as backed by HQLA for the purpose of the calculation of the LCR, i.e., under the current EU LCR regulation the LCR haircut referred to in the table above would be 100% for secured transactions where the collateral received (provided) does not meet (would not meet if not being used as collateral) the operational requirements. In contrast, under the LCR amendment, compliance with the operational requirements for HQLA under Article 8 of the LCR Delegated Regulation will no longer be relevant when determining the outflow or inflow rate to be applied.

It should be noted that information on compliance of the collateral involved with the operational requirements is however still relevant and therefore need to be reported separately (as 'of-which'-items) for the purpose of the unwind mechanism under Article 17 of the LCR Delegated Regulation.

Numerical examples for the calculation of liquidity outflows and liquidity inflows related to secured transactions that are maturing within 30 calendar days in the context of the LCR

Example 1	Treatment under the current EU LCR regulation	Treatment under the LCR amendment
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<p>Repo: Cash (EUR 900), L1 covered bond provided (EUR 950 market value)</p>	<p>Collateral provided is eligible as HQLA and would meet operational requirements if not being used as collateral for the specific transaction</p>	<p>Outflow = EUR 900 * 7% = EUR 63</p>	<p>Outflow = EUR 900 * 7% = EUR 63</p>
	<p>Collateral provided is eligible as HQLA but would not meet operational requirements (even if not being used as collateral for the specific transaction)</p>	<p>Outflow = EUR 900 * 100% = EUR 900</p>	<p>Outflow = EUR 900 * 7% = EUR 63</p>

Example 2	Treatment under the current EU LCR regulation	Treatment under the LCR amendment
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<p>Reverse repo: Cash (EUR 900), L1 covered bond received (EUR 950 market value)</p>	<p>Collateral received is eligible as HQLA and meets operational requirements</p>	<p>Inflow = EUR 900 – (950 * 93%) = EUR 16.50</p>	<p>Inflow = EUR 900 * 7% = EUR 63</p>
	<p>Collateral received is eligible as HQLA but does not meet operational requirements</p>	<p>Inflow = EUR 900 – (950 * 0%) = EUR 900</p>	<p>Inflow = EUR 900 * 7% = EUR 63</p>

Example 3	Treatment under the current EU LCR regulation	Treatment under the LCR amendment
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<p>Collateral swap: L1 sovereign bond received (EUR 700 market value), L2B corporate bonds provided (EUR 900 market value)</p>	<p>Collateral provided is eligible as HQLA and would meet operational requirements (if not being used as collateral)</p>	<p>Collateral received is eligible as HQLA and meets operational requirements</p>	<p>Outflow = (EUR 700 * (1 – 0%)) – (EUR 900 * (1 – 50%)) = EUR 250</p>	<p>Outflow = EUR 700 * (50% – 0%) = EUR 350</p>
		<p>Collateral received is eligible as HQLA but does not meet operational requirements</p>	<p>Inflow = (EUR 900 * (1 – 50%)) – (EUR 700 * (1 – 100%)) = EUR 450</p>	<p>Outflow = EUR 700 * (50% – 0%) = EUR 350</p>
	<p>Collateral provided is eligible as HQLA but would not meet operational requirements (even if not being used as collateral)</p>	<p>Collateral received is eligible as HQLA and meets operational requirements</p>	<p>Outflow = (EUR 700 * (1 – 0%)) – (EUR 900 * (1 – 100%)) = EUR 700</p>	<p>Outflow = EUR 700 * (50% – 0%) = EUR 350</p>
		<p>Collateral received is eligible as HQLA but does not meet operational requirements</p>	<p>No cash flow to be considered</p>	<p>Outflow = EUR 700 * (50% – 0%) = EUR 350</p>



Changes requirements as regards the reporting of information on securitisations: Summary of responses to the consultation and the EBA’s analysis

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
General comments			
Securitisations positions reported in C 09.04	<ul style="list-style-type: none"> ▪ One respondent pointed out that the new reporting templates under Taxonomy 2.9 contain amendments to C 09.04 (countercyclical capital buffer rates) but there are no changes to the interim templates in Taxonomy 2.8. Accordingly, the template under v 2.8 would not be in line with the new securitisation rules as they take effect. In v2.8, r50 (Exposure value of securitisation positions in the banking book under the Standardised Approach) and r60 (Exposure value of securitisation positions in the banking book under the IRB Approach) remain unchanged and are in line with the 	<ul style="list-style-type: none"> ▪ The public consultation was on v 2.9 and therefore at this point no changes can be performed in v 2.8. Nevertheless, the Q&A 2018/4408 raised this issue and reporting instructions were provided on how to report the securitisations under the new framework in v 2.8. . 	<ul style="list-style-type: none"> ▪ No amendment



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	current CRR requirements but will be out of date from 1 January 2019.		

Responses to questions in Consultation Paper EBA/CP/2018/14

<p>Question 1. There is a need to have the breakdown by approach of the exposure values, RWAs and capital charge after cap. The current template C 14.00 cannot address this for cases where there is more than one approach in the same securitisation. Our proposal is to split template C 14.00 in two parts, where the first part is the information that does not change with different approaches and the second part (C 14.01) is the information that changes with different approaches. Template C 14.01 would be broken down by sheets, where each sheet would be a different approach. This option leads to more lean templates, it does not provide additional burden for cases where only one approach is used in the same securitisations and it delivers relevant supervisory insight on how the new framework is functioning regarding the new</p>	<ul style="list-style-type: none"> ▪ One respondent explicitly supported the split of template C 14.00, two respondents mentioned that they agree with the split but both options are suitable and one respondent did not support splitting C 14.00. 	<ul style="list-style-type: none"> ▪ The majority of the respondents supported the split of template C 14.00. The respondent that did not support it did not fully understand the purpose of this proposal as it was verified in one of the clarifications they asked further on. 	<ul style="list-style-type: none"> ▪ Template C 14.00 was split in two parts, where the first part is the information that does not change with different approaches and the second part (C 14.01) is the information that changes with different approaches.
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Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<p>hierarchy of approaches. Do respondents agree with this option? As an alternative, we propose to add 12 new columns in template C 14.00 - the four possible approaches as a breakdown of exposure value, RWAs and capital charge after cap.</p>			
<p>Question 2: Are the instructions and templates clear to the respondents?</p>	<ul style="list-style-type: none"> ▪ One respondent suggested that it is still unclear, whether positions which are now in default should be included in the rows 0440-0670 of the template C 13.01. There is the same question from banks about the comparable rows in existing templates C 12.00 and C13.00 after the DPM amendment in version 2.7 (grey out the position in the columns where capital deduction may be taken with 1250% RW with the introduction of DPM 2.7); The amendment in DPM 2.7 seems imply that the defaulted position should not be included in the rows which breakdown of CQS at inception, but there are validation rule which 	<ul style="list-style-type: none"> ▪ This observation is correct and indeed in theory rated positions could be reported as positions in default or even under the other approaches (SEC-SA, SEC-IRBA or no approach). We will open column 0190 for the rows related to CQS at inception. 	<ul style="list-style-type: none"> ▪ The scope of the rows regarding the CQS at inception were opened to allow to be reported for deductions from own funds and all other approaches as well. The validation rules were be adjusted accordingly.



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>seems suggest the opposite. It was suggested to clarify the scope in the rows 0440-0670 of the template C 13.01 and to introduce future validation rules in a coherent manner.</p>		
	<ul style="list-style-type: none"> ▪ One respondent mentioned that in template C13.1 it is missing further specification of rows 0030, 0040 and 0050. They asked to confirm the following understanding: <p>Differentiated capital treatment: positions in an STS securitisation which receive (lower) risk weights as par articles 260, 262 and 264 of Regulation 2017/240 are the following:</p> <p>i- “senior positions in SMEs” that fulfill the requirements in article 270 of regulation 2017/2401 (inc. credit risk transfer through guarantees)</p>	<ul style="list-style-type: none"> ▪ The understanding is not correct. <p>Under the new framework, there are two ways for securitisations to receive preferential capital treatment: either STS (Art. 243) or senior positions in SMEs (Art. 270). In row 0030 it should be reported all positions with a differentiated capital treatment, not only the STS ones. Rows 0040 and 0050 are a breakdown of 0030, where in row 0040 it should be reported all STS positions and in row 0050 the senior positions in SMEs.</p>	<ul style="list-style-type: none"> ▪ No action needed



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>ii- other STS positions that meet all the requirements in article 18 of Reg 2017/2402 including the “true sale” requirement for basic securitisation?</p>		
	<ul style="list-style-type: none"> ▪ One respondent asked to confirm whether banks do not have to report IAA and multiple approaches in template 14.01, since in the revised instructions (annex 2) state that this template shall be reported separately for the four following approaches SEC-IRBA, SEC-SA, SEC-ERBA and securitisation receiving a 1250% RW. 	<ul style="list-style-type: none"> ▪ The general understanding of C 14.01 is not correct. The purpose of splitting the approaches into sheets is exactly to capture the situations where in the same securitisation it is applied more than one approach. In those cases, the same securitisation should be reported in different sheets, where in each sheet there would be information about the part of the securitisation under the approach in question. <p>Moreover, IAA should understood as part of the SEC-ERBA approach, as it is a method used when banks apply such approach.</p>	<ul style="list-style-type: none"> ▪ No action needed



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<ul style="list-style-type: none"> ▪ One respondent asked clarification for cases where the pool of securitised exposures is a mix of the listed types, how the institution shall indicate the most important type (Template C14.00 / col.161 “Type”). What criteria should banks use to assign the pool of exposures to “the most important type”? The EAD, the number of exposures or another criteria? 	<ul style="list-style-type: none"> ▪ The criteria used should be EAD. This will be clarified in the instructions. 	<ul style="list-style-type: none"> ▪ The instructions were clarified in template C 14.00 for column 160 that the EAD should be the criteria to assign the most important type of underlying.
	<ul style="list-style-type: none"> ▪ One respondent mentioned that in template C14.00 / col.223 “Own funds requirements before securitisation % Ksa”: the revised instructions (annex 2) state that “Even if the institution is not applying the SEC-SA approach to the securitisation positions, the institution shall fill in this column”. It is their understanding that this piece of information will only be used for the calculation of the output floor 	<ul style="list-style-type: none"> ▪ The understanding is not correct and this information is not linked to the output floor under the revised Basel framework. <p>Ksa must be reported since we will need this information to evaluate the impact of the hierarchy of approaches according to our mandate under the new framework.</p>	<ul style="list-style-type: none"> ▪ No amendment



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>under the revised Basel framework (a/o dec 2017). Therefore they would like to confirm that banks don't have to fill in this column until the 2017 revised Based framework is transposed in Europe.</p>		
	<ul style="list-style-type: none"> ▪ One respondent mentioned that the CQS columns in template C 14.00 is required only for the SEC-ERBA approach since the instructions specify that "Credit quality steps (CQS) as envisaged for institutions applying SEC-ERBA. Articles 263 and 264 Tables of CRR". However, it is suggested that the template should be updated as it is not consistent with these instructions. 	<ul style="list-style-type: none"> ▪ The CQS should be reported for all cases where there are rated transactions (under all approaches, not only under SEC-ERBA). This will be clarified in the instructions. 	<ul style="list-style-type: none"> ▪ The instructions were clarified for template C 14.00 to refer that the CQS should be reported for all cases where there are rated transactions.
	<ul style="list-style-type: none"> ▪ One respondent mentioned that under Article 254(3) of the new CRR, banks will be allowed to use the SEC-ERBA instead of the SEC-SA for all of their rated securitisation positions. They are assuming that banks which 	<ul style="list-style-type: none"> ▪ The understanding is correct. We will clarify in the instructions that it should be reported only the option used. 	<ul style="list-style-type: none"> ▪ The instructions were clarified for template C 13.01 institutions should reported for SEC-ERBA only the option used.



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>make use of this option will only have to complete columns 0590 and 0760 of the required breakdown in columns 0580-0610 and 0750-0780 in template 13.1. Otherwise, they would have to calculate amounts using the SEC-SA as well, which would be an unreasonable additional burden.</p>		
	<ul style="list-style-type: none"> ▪ One respondent would welcome further clarification on the columns 351, 361 and 370 of the template C 14.01, especially on the definition of “eligible guarantor” and the reference to the Chapter 2 or 3 under the Title II of Part One of CRR. 	<ul style="list-style-type: none"> ▪ The reference is wrong in the instructions. It should refer to Chapter 5 instead of Chapter 2 and 3. The definition of eligible guarantor is specified in that chapter. 	<ul style="list-style-type: none"> ▪ The instructions were corrected in template C 14.01 for columns 351, 361 and 370 in order to make the right references.
<p>Question 3: Do the respondents identify any discrepancies between these templates and instructions and the calculation of capital</p>	<ul style="list-style-type: none"> ▪ One respondent mentioned that columns 0580-0610 of the template 13.01 do not cover the all scenario why SEC-ERBA is triggered, they are only the exhaustive list of why SEC-ERBA is used before considering SEC-SA. The case, that the position 	<ul style="list-style-type: none"> ▪ This is partially true, however, if the institution applies SEC-ERBA because it is following the hierarchy of approaches, this is not a trigger for using SEC-ERBA instead of SEC-SA. Nevertheless, the current breakdown for trigger for SEC-ERBA is incomplete 	<ul style="list-style-type: none"> ▪ Template C 13.01 was adjusted in order to change the title of SEC-ERBA breakdown as "Breakdown by reasons for application of SEC-ERBA" and add another column "Following



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<p>requirements set out in the underlying regulation?</p>	<p>neither has the information of K_IRB and nor has the information K_SA but does have the rating information so that SEC-ERBA, is the only available approach is not included. Therefore, it was suggested either to rename the title of the column 0580-0610 from “BREAKDOWN BY TRIGGER FOR APPLICATION OF SEC-ERBA” to “BREAKDOWN BY TRIGGER FOR APPLICATION OF SEC-ERBA BEFORE SEC-SA”, or rename those columns as “of which”-information instead of “breakdown”-information.</p>	<p>and it is not capturing all SEC-ERBA positions.</p> <p>We will change the title of this breakdown as "Breakdown by reasons for application of SEC-ERBA" and add another column "Following the hierarchy". This should be done both for the exposure value and RWAs. Instructions and DPM shall be adjusted as well.</p>	<p>the hierarchy". This was done both for the exposure value and RWAs. Instructions were adjusted accordingly.</p>
	<ul style="list-style-type: none"> ▪ Three respondents mentioned that they did not identify any discrepancies. 		<ul style="list-style-type: none"> ▪ No action needed
<p>Question 4: Do the respondents agree that the amended ITS fits the purpose of the underlying regulation?</p>	<ul style="list-style-type: none"> ▪ Four respondent agreed that the ITS fits the purpose of the underlying regulation. 		<ul style="list-style-type: none"> ▪ No action needed

