

January 16, 2020

Submitted electronically

Jose Manuel Campa, Chairperson
European Banking Authority
Defense 4 – EUROPLAZA
20 Avenue Andre Prothin
CS 230154
92937 Paris La Defense CEDEX
France

**Re: Consultation Paper: Draft Implementing Technical Standards on
supervisory reporting requirements under Regulation (EU) No 575/2013**

Dear Mr. Campa:

The European Network of Credit Unions (ENCU) appreciates the opportunity to comment on the European Banking Authority's (EBA) *Consultation Paper: Draft Implementing Technical Standards on supervisory reporting requirements for institutions under Regulation (EU) No 575/2013 (Draft Standards)*¹ those related to CRR@ and Backstop Regulation. Credit unions are consumer-owned, not-for-profit financial cooperatives that promote financial inclusion in underserved European communities by offering their members affordable and easily understandable financial products. There are approximately 1,000 credit unions in the European Union (EU) with more than EUR 20 billion in total assets and 7 million physical person members.²

We appreciate that these changes have been necessitated by the amendments to Regulation (EU) No 575/2013 ("CRR") contained in Regulation (EU) 2019/876 (CRR2) and Regulation (EU) 2019/630 (Backstop Regulation) that together amended key measures of liquidity, leverage and large exposures and loss coverage for future non-performing exposures. Overall, we support the amendments as proposed in the Draft Standards recognizing that they are updating supervisory reporting requirements as needed due to changes in the underlying legal requirements.

In particular, we support the incorporation of proportionality in the reporting requirements and urge finalization of the standard to include these measures designed to reduce regulatory

¹ The *Consultation Paper: Draft Implementing Technical Standards on supervisory reporting requirements for institutions under Regulation (EU) No 575/2013*, available at <https://eba.europa.eu/regulation-and-policy/supervisory-reporting/implementing-technical-standards-on-supervisory-reporting-changes-related-to-crr2-and-backstop-regulation#pane-new-7bdd87fb-e02f-492a-99d6-129449e3cf9d>.

² See "Credit Unions in Europe;" http://creditunionnetwork.eu/cus_in_europe.



burden for small and non-complex institutions. These include the new proposals that reduced frequency of reporting under the FINREP template and the simplified NSFR templates for small and non-complex institutions. Further, we support those revisions that are implicit in the regulation that are dependent on whether the institution chooses to use internal models for the calculation of own funds requirements or whether they have issued covered bonds or securitisations. We urge finalization with these applications of proportional regulation.

We urge this proportionality because credit unions often have limited financial and staff resources because of their relatively small size (average of EUR 20 million in total assets) and are typically run by volunteer boards and volunteer employees which exacerbates the impact of any new reporting requirements. Credit unions often have to rely on outside firms and vendors to provide solutions for their reporting needs. Those systems often require a substantial amount of resources and labor and often come at a steep price. To that end we urge consideration of an annual reporting for small and non-complex financial institutions in connection with the counterparty credit risk exposures, the FINREP template, and others.

The European Network of Credit Unions appreciates the opportunity to comment on the EBA's *Consultation Paper: Draft Implementing Technical Standards on specific supervisory reporting requirements for market risk*. Please do not hesitate to contact me or Denitsa Marchevska by email at info@creditunionnetwork.eu or phone at +32 2 626 9500 should you have any questions regarding our comments.

Sincerely,

Andrew T. Price, Esq.
Vice President of Advocacy
European Network of Credit Unions
World Council of Credit Unions