

**ABI POSITION PAPER ON THE
EBA Consultation paper on Draft
Implementing Technical
Standards
amending Commission
Implementing Regulation (EU)
2021/451 on supervisory
reporting referred to in Article
430 (7) of Regulation (EU) No
575/2013 concerning output
floor, credit risk, market risk
and leverage ratio.**

March 2024

General remarks

The Italian Banking Association (ABI) welcomes the opportunity to comment on the EBA Consultation paper on “Draft Implementing Technical Standards amending Commission Implementing Regulation (EU) 2021/451 on supervisory reporting referred to in Article 430 (7) of Regulation (EU) No 575/2013 concerning output floor, credit risk, market risk and leverage ratio”.

First of all, the purpose of this position paper is to highlight our concern relating to the timing of the implementation of the entire reporting package while also pointing out that, in some cases, the transposition of the new CRR 3 provisions leads to a misalignment with Finrep reporting.

This paper is also an opportunity to ask for some specific clarification.

With regard to timeline, it should be noted that, as the timeframe between the planned delivery of the final DPM 4.0 ITS package (3Q 2024) and the first reporting date (1Q 2025) is very short, it will be quite challenging and complicated for banks to implement the necessary change management activities, such as fine-tuning, technical implementation, testing and reporting (typically, the timeframe for implementing significant new requirements from the date of submission of the updated final ITS is at least 12 months, whereas on this occasion will be available less than 6 months).

However, although banks would have wished for a postponement of the deadline for the entry into force of all new provisions, ABI understands the need to comply with the mandate given to EBA and therefore hope that, for this time, the EBA will meet the needs of institutions by providing the following simplifications that could reduce the substantial burden on institutions, helping them to manage all the required changes in accordance with the implementation deadline:

- Publish as soon as possible the final updated ITS and relevant DPM.
- Extend the remittance date period for the first two reference dates by 2 months.
- postpone the reporting (and disclosure) of new templates (specifically C.10, C25 and C90.05 and 90.06) and such templates could then go live at a later date (reference date at end-September 2025) and C91-C99.
- Increased data quality tolerance for the first two reference dates, e.g., classify all EBA validation rules to “warning” only and advice the NCAs to handle this accordingly.

In addition, a significant ABI’s concern is related to some changes leading to a misalignment between different kind of reporting.

The new SME definition of article 5(8) CRR3 results indeed in a de facto misalignment between Financial Reporting (Finrep) and Common Reporting (Corep).

In detail, for the purposes of Corep the new definition of SME in art. 5(8) CRR3, referring to the size "*Turnover*", will be included in field 5805 of the reporting base, while for the purposes of Finrep the definition of SME will remain the one in article 2(2) of Recommendation 2003/361/EC of 6 May 2003 which, referring also to the size "*Number of employees*", will be included in field 5804 of the reporting base.

The occasion of this consultation is welcome to point out the above, with the hope of a forthcoming alignment of the SME definition also for Finrep reporting purposes.

Finally, ABI would also need some clarification on the following issues:

In detail:

1. In article 5(B)(9) CRR3 commitment is defined as "*any contractual arrangement that an institution offers to a client and is accepted by that client*" but, always about Commitment, in article 111(4) CRR3 is stated that "*Contractual arrangements offered by an institution, but not yet accepted by the client, that would become commitments if accepted by the client, shall be treated as commitments*".

These two definitions raise some doubts as to the technical forms to be included under "Commitment".

Specifically, ABI would like to know if "Preset/no Preset Spending Limit Cards" should be considered (or not) as a "Commitment" under definition of article 5(B)(9) CRR3.

Such types of credit cards are often approved by banks, although they do not require a formal acceptance by the customer. Technically, they would represent a commitment only for the bank not still accepted by the customer although, if accepted, it would become a "Commitment" under art 111(4) CRR.

2. Article 123(2) CRR3 states which exposures are not to be considered "retail exposures". Given the definition in the aforementioned article, is it confirmed that "*Derivative exposures to retail customers*" can be reported in the corporate portfolio, in continuity with the current reporting treatment?

If the above is confirmed, it would be useful to understand whether these exposures should be considered, for reporting purposes, as:

- a) non-debt exposures that confer a subordinate residual right or claim on the assets or income of the issuer, or
- b) debt exposures and other securities, partnerships, derivatives or other vehicles, whose economic substance is similar to that of the exposures mentioned in letter a)".