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31 July 2012

Dear Sirs

Ref: EBA/CP/2012/04 - EBA Consultation Paper on Draft Implementing Technical Standards on Disclosure for Own Funds by institutions - Published 07 June 2012

In general, we note that the structure of the consultation paper follows very closely to the Basel Committee "Composition of capital disclosure requirements" Rules text issued in June 2012. We welcome that the paper states that the final ITS will not be issued before finalisation of the Directive.

We would like to see greater clarity on the requirements of this consultation paper and the very detailed requirements of the Harmonised Reporting project. Whilst we have contributed to the response by the British Bankers Association to this consultation, we have set out some further comments in the annex to this letter.

We would be happy to elaborate further on any of the points made in this response and look forward to engaging with the EBA in this area.

Yours faithfully



Rajan Kapoor
Group Chief Accountant

Annex

IV. Draft Implementing Technical Standards on Own Funds

TITLE I - Subject matter and definitions

Public disclosure is required as per Article 420 of the draft CRR text. We note that there is no detailed guidance on the Own Funds component in particular.

TITLE II - Own funds disclosure templates

The proposed start date is 01 January 2013. The frequency is assumed to be annual because this references the balance sheet as per the published financial statements, with the obligation to make more frequent disclosure if the firm identifies that something significant changes this disclosure in between reporting dates.

The submission timelines are not clear, which has implications for reconciliation, validation, and the operating model. The submission is not subject to audit.

The reporting currency is not defined but is assumed to be the functional currency of the Institution, to facilitate reconciliation to the published balance sheet. The first reporting date is in respect of 31 December 2012.

TITLE III - Final provisions

ANNEX III- Instructions for completing the capital instruments main features template

Audit: there appears to be a discrepancy between Article 3 of this consultation paper which requires that disclosures are to reference the balance sheet from the audited financial statements and the instructions for reconciliation in Annex 1 which state that the balance sheet does not need to be audited for this disclosure.

ANNEX IV- Own funds disclosure template

The Own Funds disclosure template overlaps with the form CA1.

ANNEX VI – Transitional own funds disclosure template

The Transitional Own Funds disclosure template overlaps with forms CA1, CA4, and CA5.

ANNEX A: example on the use of the Reconciliation methodology (only for consultation purposes)

The Reconciliation focuses on methodology and provides an example of how this methodology could be applied. Methodology is a 3 step approach (as scoped by the BCBS). No template is defined.

a) Step 1: where the financial and regulatory consolidation groups are different, firms are to produce a financial consolidation based on the regulatory consolidation group.

b) Step 2: identify, and expand where required, the elements of the regulatory consolidated group balance sheet to be reported for Own Funds and Transitional Provisions

c) Step 3: link these items from the regulatory consolidated group balance sheet to the COREP disclosure templates

FINREP is not explicitly mentioned for reconciliation purposes, it would be helpful to clarify whether FINREP is implicitly part of Step 1. Also, no validation points have been provided against the CA returns of CP50 and FINREP.

Questions for consultation: Own funds disclosure templates

Q01: Are the provisions included in this draft ITS sufficiently clear? Are there aspects which need to be elaborated further?

The consultation paper refers to consolidation but the template instructions identify solo capital as an option, (see item 5 in the instructions for completing the capital instruments main features template).

Article 12 of the CRR indicates that significant subsidiaries would need to report on an individual or sub-consolidated basis. Please clarify requirements for solo-consolidation and significant subsidiaries for disclosure.

Q04: Our analysis shows no impacts incremental to those included in the text of the Level 1 text are likely to materialise. Do you agree with our assessment? If not please explain why and provide estimates of such impacts whenever possible.

Clarity is requested regarding incorporation into the Data Point Model & related taxonomy or alternative submission mechanisms if relevant.