EBA/ITS/2014/03

05 June 2014

# EBA FINAL draft Implementing Technical Standards

## on uniform standards for the disclosure of indicators used for determining the score of G-SIIs under Article 441 of Regulation (EU) No 575/2013

# Contents

# 1. Executive summary

Pursuant to Article 131(1) of Directive 2013/36/EU (‘the Directive’), competent or designated authorities in the Member States will identify European banks representing a higher risk to the global financial system as Global systemically important institutions (G-SIIs).

Article 441 of Regulation (EU) 575/2013 (the ‘Regulation’) requires G-SIIs to make public the values used for the identification and scoring process in accordance with certain uniform formats and dates specified in these draft ITS. The draft ITS require disclosure of the full template used in this context.

The ITS are supplemented by EBA guidelines on the disclosure of indicators of global systemic importance (‘the Guidelines’), which include detailed instructions on how to complete the data template in these draft ITS.

The draft ITS must be submitted to the Commission by 1 July 2014.

# 2. Background and rationale

Uniform and meaningful disclosure requirements are necessary to ensure fair conditions of competition between comparable groups of institutions, resulting in greater convergence of supervisory practices and accurate assessment of risks across the EU. They improve data quality and strengthen market discipline. With this in mind, G-SIIs should be subject not only to additional capital requirements, but also greater public scrutiny than average institutions.

These draft ITS should be read in connection with the Guidelines. To ensure comparability in order to facilitate the work of Member States' authorities, enable scrutiny by the public at large and achieve the aim of improving data quality and strengthening market discipline, the means of disclosure should also be uniform. Therefore, the Guidelines go beyond Article 434 of the Regulation and state that all institutions subject to the disclosure requirements should disclose the data concerned in electronic form on their websites. Detailed instructions on how to complete the templates have been included in the Guidelines.

The bundle of draft RTS on the identification methodology, these draft ITS and the Guidelines will be under ongoing review, as the Basel Committee on Banking Supervision (BCBS) identification process provides for regular reviews of the identification methodology every three years.

A public consultation of these draft ITS and the RTS on the identification methodology and the Guidelines was held in the period from 12 December 2013 to 28 February 2014, and in a public hearing on 28 January 2014. Nine responses were submitted, of which eight have been published on the EBA website. Most respondents welcomed the approach of using the same indicators as under the methodology of the BCBS. In line with their comments, the indicator data, template and instructions have been updated for the latest data collection exercise. Some further clarifications, including on the definitions relevant for the scope of the disclosure have also been made. Despite requests to postpone the disclosure date, the disclosure of the data required by the draft ITS and the Guidelines by the BCBS should remain subject to identical deadlines.

# 3. EBA FINAL draft Implementing Technical Standards on uniform standards for the disclosure of indicators used for determining the score of G SIIs

**COMMISSION IMPLEMENTING REGULATION (EU) No …/..**

**of XXX**

**implementing Regulation (EU) No 575/2013 of the European Parliament and of the Council laying down implementing technical standards with regard to the uniform formats and date for the disclosure of the values of the indicators used for determining the score of the institutions identified as global systemically important institutions**

(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 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, and in particular Article 441(2) thereof,

Whereas:

(1) In order to help ensure global consistency in disclosure and transparency in the process of identification of global systemically important institutions (G-SIIs), such institutions are required to publicly disclose indicator values used in this process.

(2) The disclosure templates used by European Union institutions should take into account international standards, particularly those issued by the Basel Committee on Banking Supervision.

(3) Similarly, in order to ensure consistency and comparability of the collected information, institutions should have as reporting reference date their financial year-end figures of the previous year or any other date close to 31 December agreed with its relevant competent authority.

(4) With the aim of facilitating public access to the disclosed information, also with a view that data from all Member States are needed to perform the identification process, the European Supervisory Authority (European Banking Authority - EBA) shall collect each institution’s information and publish them on its own webpage.

(5) This Regulation is based on the draft implementing technical standards submitted by the EBA to the Commission.

(6) The 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 1093/2010.

HAS ADOPTED THIS REGULATION:

*Article 1*

*Uniform format*

G-SIIs identified in accordance with Article 131 of Directive 2013/36/EU of the European Parliament and of the Council[1] shall publicly disclose the values of the indicators used for determining the score of the institutions in accordance with the identification methodology referred to in that Article, using the electronic template published on the EBA website which shall take the format specified in the Annex, excluding the ancillary data and ancillary indicators. Competent authorities shall ensure that the indicator values are identical to the ones submitted to the Basel Committee on Banking Supervision.

*Article 2*

*Date of disclosure*

The institutions referred to in Article 1 shall publicly disclose the financial year-end information specified in that Article no later than four months after each financial year-end. Competent authorities may allow institutions whose financial year-end is 30 June to report indicator values based on their position as of end of December. In any case, disclosure of the information shall occur no later than 31 July.

*Article 3*

*Disclosure location*

Institutions shall publish the values of the indicators specified in the template, preferably in the document containing information required by Part Eight of Regulation (EU) No 575/2013 in accordance with Article 434 of that Regulation. If the disclosures are not included in this document, they shall provide a direct reference to the completed disclosures on the institution’s website or to the document in which they are made available. At the time of publication by the institutions, competent authorities shall send the templates to EBA for centralisation purposes on EBA’s website.

[1] OJ L 176, 27.6.2013, p. 338.

*Article 4*

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

It shall apply immediately.

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

Done at Brussels,

*For the Commission*

*The President*
*[For the Commission*

*On behalf of the President*

*[Position]*

# ANNEX – Data required to identify G-SIIs

## General Bank Data

| Section 1: General Information | Response |
|---|---|
| a. General information provided by the national supervisor: | |
| (1) Country code | <select> |
| (2) Bank name | |
| (3) Submission date (yyyy-mm-dd) | |
| b. General Information provided by the reporting institution: | |
| (1) Reporting date (yyyy-mm-dd) | <select> |
| (2) Reporting currency | <select> |
| (3) Euro conversion rate | |
| (4) Reporting unit | <select> |
| (5) Accounting standard | <select> |
| (6) Location of public disclosure | |

## Size Indicator

| Section 2: Total Exposures | Amount |
|---|---|
| a. Counterparty exposure of derivatives contracts (method 1) | |
| b. Gross value of securities financing transactions (SFTs) | |
| c. Counterparty exposure of SFTs | |
| d. Other assets | |
| (1) Securities received in SFTs that are recognised as assets | |
| e. Total on-balance sheet items (sum of items 2.a, 2.b, 2.c, and 2.d, minus 2.d.(1)) | |
| f. Potential future exposure of derivative contracts (method 1) | |
| g. Notional amount of off-balance sheet items with a 0% CCF | |
| (1) Unconditionally cancellable credit card commitments | |
| (2) Other unconditionally cancellable commitments | |
| h. Notional amount of off-balance sheet items with a 20% CCF | |
| i. Notional amount of off-balance sheet items with a 50% CCF | |
| j. Notional amount of off-balance sheet items with a 100% CCF | |
| k. Total off-balance sheet items (sum of items 2.f, 2.g, and 2.h through 2.j, minus 0.9 times the sum of items 2.g.(1) and 2.g.(2)) | |
| l. Entities consolidated for accounting purposes but not for risk-based regulatory purposes: | |
| (1) On-balance sheet assets | |
| (2) Potential future exposure of derivatives contracts | |
| (3) Unconditionally cancellable commitments | |
| (4) Other off-balance sheet commitments | |
| (5) Investment value in the consolidated entities | |
| m. Regulatory adjustments | |
| n. Ancillary data: | |
| (1) Receivables for cash collateral posted in derivatives transactions | |
| (2) Net notional amount of credit derivatives | |
| (3) Net notional amount of credit derivatives for entities in item 2.l. | |
| (4) On and off-balance sheet exposures between entities included in item 2.l. | |
| (5) On and off-balance sheet exposures of entities included in item 2.l. to entities consolidated for risk-based regulatory purposes | |
| (6) On and off-balance sheet exposures of entities consolidated for risk-based regulatory purposes to entities included in item 2.l. | |
| (7) Total exposures for the calculation of the leverage ratio (January 2014 definition) | |
| o. Total exposures indicator (sum of items 2.e, 2.k, 2.l.(1), 2.l.(2), 0.1 times 2.l.(3), 2.l.(4), minus the sum of items 2.l.(5) and 2.m) | |

## Interconnectedness Indicators

| Section 3: Intra-Financial System Assets | Amount |
|---|---|
| a. Funds deposited with or lent to other financial institutions | |
| (1) Certificates of deposit | |
| b. Undrawn committed lines extended to other financial institutions | |
| c. Holdings of securities issued by other financial institutions: | |
| (1) Secured debt securities | |
| (2) Senior unsecured debt securities | |
| (3) Subordinated debt securities | |
| (4) Commercial paper | |
| (5) Stock (including par and surplus of common and preferred shares) | |
| (6) Offsetting short positions in relation to the specific stock holdings included in item 3.c.(5) | |
| d. Net positive current exposure of securities financing transactions with other financial institutions | |
| e. Over-the-counter (OTC) derivatives with other financial institutions that have a net positive fair value: | |
| (1) Net positive fair value (include collateral held if it is within the master netting agreement) | |
| (2) Potential future exposure | |
| f. Intra-financial system assets indicator (sum of items 3.a, 3.b through 3.c.(5), 3.d, 3.e.(1), and 3.e.(2), minus 3.c.(6)) | |

| Section 4: Intra-Financial System Liabilities | Amount |
|---|---|
| a. Deposits due to depository institutions | |
| b. Deposits due to non-depository financial institutions | |
| c. Undrawn committed lines obtained from other financial institutions | |
| d. Net negative current exposure of securities financing transactions with other financial institutions | |
| e. OTC derivatives with other financial institutions that have a net negative fair value: | |
| (1) Net negative fair value (include collateral provided if it is within the master netting agreement) | |
| (2) Potential future exposure | |
| f. Ancillary data: | |
| (1) Funds borrowed from other financial institutions | |
| (2) Certificates of deposit included in items 4.a and 4.b | |
| g. Intra-financial system liabilities indicator (sum of items 4.a through 4.e.(2)) | |

| Section 5: Securities Outstanding | Amount |
|---|---|
| a. Secured debt securities | |
| b. Senior unsecured debt securities | |
| c. Subordinated debt securities | |
| d. Commercial paper | |
| e. Certificates of deposit | |
| f. Common equity | |
| g. Preferred shares and any other forms of subordinated funding not captured in item 5.c. | |
| h. Ancillary data: | |
| (1) Book value of equities for which a market price is unavailable | |
| i. Securities outstanding indicator (sum of items 5.a through 5.g) | |

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## Substitutability/Financial Institution Infrastructure Indicators

| Section 6: Payments made in the reporting year (excluding intragroup payments) | Reported in | Amount in specified currency | Amount |
|---|---|---|---|
| a. Australian dollars | AUD | | |
| b. Brazilian real | BRL | | |
| c. Canadian dollars | CAD | | |
| d. Swiss francs | CHF | | |
| e. Chinese yuan | CNY | | |
| f. Euros | EUR | | |
| g. British pounds | GBP | | |
| h. Hong Kong dollars | HKD | | |
| i. Indian rupee | INR | | |
| j. Japanese yen | JPY | | |
| k. Swedish krona | SEK | | |
| l. United States dollars | USD | | |
| m. Ancillary data: | | | |
| (1) Mexican pesos | MXN | | |
| (2) New Zealand dollars | NZD | | |
| (3) Russian rubles | RUB | | |
| n. Payments activity indicator (sum of items 6.a through 6.l) | | | |

| Section 7: Assets Under Custody | Amount |
|---|---|
| a. Assets under custody indicator | |

| Section 8: Underwritten Transactions in Debt and Equity Markets | Amount |
|---|---|
| a. Equity underwriting activity | |
| b. Debt underwriting activity | |
| c. Underwriting activity indicator (sum of items 8.a and 8.b) | |

## Complexity indicators

| Section 9: Notional Amount of Over-the-Counter (OTC) Derivatives | Amount |
|---|---|
| a. OTC derivatives cleared through a central counterparty | |
| b. OTC derivatives settled bilaterally | |
| c. OTC derivatives indicator (sum of items 9.a and 9.b) | |

| Section 10: Trading and Available-for-Sale Securities | Amount |
|---|---|
| a. Held-for-trading securities (HFT) | |
| b. Available-for-sale securities (AFS) | |
| c. Trading and AFS securities that meet the definition of Level 1 assets | |
| d. Trading and AFS securities that meet the definition of Level 2 assets, with haircuts | |
| e. Ancillary data: | |
| (1) Held-to-maturity securities | |
| f. Trading and AFS securities indicator (sum of items 10.a and 10.b, minus the sum of 10.c and 10.d) | |

| Section 11: Level 3 Assets | Amount |
|---|---|
| a. Level 3 assets indicator | |

## Cross-Jurisdictional Activity Indicators

| Section 12: Cross-Jurisdictional Claims | Amount |
|---|---|
| a. Foreign claims on an ultimate risk basis (excluding derivatives activity) | |
| b. Ancillary data: | |
| (1) Foreign derivative claims on an ultimate risk basis | |
| c. Cross-jurisdictional claims indicator (item 12.a) | |

| Section 13: Cross-Jurisdictional Liabilities | Amount |
|---|---|
| a. Foreign liabilities (excluding derivatives and local liabilities in local currency) | |
| (1) Any foreign liabilities to related offices included in item 13.a. | |
| b. Local liabilities in local currency (excluding derivatives activity) | |
| c. Ancillary data: | |
| (1) Foreign derivative liabilities on an ultimate risk basis | |
| d. Cross-jurisdictional liabilities indicator (sum of items 13.a and 13.b, minus 13.a.(1)) | |

## Additional Indicators

| Section 14: Ancillary Indicators | Amount |
|---|---|
| a. Total liabilities | |
| b. Retail funding | |
| c. Wholesale funding dependence ratio (the difference between items 14.a and 14.b, divided by 14.a) | |
| d. Foreign net revenue | |
| e. Total net revenue | |
| f. Total gross revenue | |
| g. Gross value of cash lent and gross fair value of securities lent in SFTs | |
| h. Gross value of cash borrowed and gross fair value of securities borrowed in SFTs | |
| i. Gross positive fair value of over-the-counter (OTC) derivatives transactions | |
| j. Gross negative fair value of OTC derivatives transactions | |

| | Amount in single units |
|---|---|
| k. Number of jurisdictions | |

# 4. Accompanying documents

## 4.1 Cost-benefit analysis/impact assessment

### The problem

After the outbreak of the recent financial crisis, a number of large internationally active credit and financial institutions transmitted shocks to their counterparts and the financial markets, eventually affecting the real economy. In response to this, the G20, the Financial Stability Board and the Basel Committee on Banking Supervision (BCBS), and consequently the EU co-legislators, have started to develop an appropriate framework to identify global and other systemically relevant institutions and require them to set aside additional capital buffers to increase their resilience to financial crises and prevent them from transmitting shocks to the rest of the economy.

The current impact assessment attempts to evaluate the impact of the draft RTS on the identification methodology, these draft ITS and the Guidelines on the various stakeholders, as the ITS are considered to be the materialisation of the RTS.**Regulatory objectives**

The regulatory objective that has to be safeguarded is the financial stability of the European banking system. The operational objective to achieve financial stability comprises the increase of capital buffers for G-SIIs. The additional buffer will also partially mitigate or entirely eliminate initial impact of the failure of a G-SII on the rest of the banking system and the real economy. As a starting point, the set of G-SIIs should be defined along with their relative significance. The RTS further specify the methodology set out in general terms in the Directive.

### The baseline of the analysis

The Macroeconomic Assessment Group's (MAG) paper on 'Assessment of the macroeconomic impact of higher loss absorbency for globally systemically important banks' (Bank for International Settlements, October 2011, www.bis.org/publ/bcbs202.htm) presents a methodology for defining systemically important banks (SIBs) and assessing their importance for the global banking system and the real economy. The paper presents a concise methodology for defining the G-SIBs and assessing their significance for the resilience of the international banking system. The methodology is then applied to the 75 largest global banks which act as proxies for the global banking sector. The methodology for identifying G-SIIs pursuant to the Directive and the RTS is very close to this methodology. Consequently, the impact assessment of the RTS on specifying the methodology for identifying G-SIIs and assigning them to sub-categories depends on the results produced by the aforementioned BIS report.

### The options considered

Regarding Article 131(18)

The options considered for setting up the methodology for defining the EU G-SIIs within the framework of the identification process specified in Article 131(2) were the following:

i) establishing and validating a methodology from scratch for defining the EU G-SIIs using completely different indicators, data and parameters for the identification and scoring process; and,

ii) taking into account the already established internationally accepted methodology for identifying G-SIIs, as suggested by the BIS paper, by using an essentially identical set of indicators, data and parameters, where applicable.

The first option would involve a higher administrative burden on the institutions and require additional resources for authorities, as well as a more significant need for coordination among EU Member States to achieve a harmonised scoring process with comparable outcomes, which would be time-consuming. The process would probably lead to very similar results to the FSB/BCBS process as far as the Member States already taking part in that exercise are concerned. The second option would be implemented more easily. The BCBS methodology for defining G-SIIs is well-structured and accepted among the supervisors in whose jurisdictions the largest international banks are established. From a European perspective, the sample used by the BCBS paper includes the EU G-SIIs in the five largest economies of the EU (DE, FR, UK, IT, ES), rendering the representation of the EU banks in the sample sufficient.

In consideration of the above, the preferred option would be the second, in line with the requirements of the Directive.

Regarding Article 441(2)

The decision on specifying the uniform formats and a date for the initial publication of the list of EU G-SIIs will follow the format of other similar supervisory data. The date will be aligned with dates for publication under the BCBS identification process, which are already established in several Member States.

Regarding the frequency of (potentially) updating the list of EU G-SIIs to reflect the economic developments in the EU banking sector, the following frequencies of updating the list were considered:

i) Semi-annual

ii) Annual

It is proposed that the list be updated on an annual basis. The reasoning behind this is to allow potential financial decisions (e.g. mergers and acquisitions among banks) or economic developments (natural deleveraging due to the shrinkage of an economy) to be concluded or established.

### Cost-benefit analysis of the preferred option

The cost-benefit analysis that follows focuses on the costs and benefits that arise from the implementation of the preferred option for the RTS and ITS, without considering the costs and benefits already assessed in the Directive, which has taken into account the impact assessment of the BCBS paper on global GDP.

Costs

The additional costs from implementing the technical standards are administrative and comprise the cost of producing the list of G-SIIs. Although, due to the lack of data, this cannot be expressed in monetary terms, the anticipated time required for initially creating the list of G-SIIs is estimated to be 30 man days, i.e. one employee dealing with it for 30 full days. However, this will drop to 20 man days for every update of the list thereafter, due to the experience acquired from the first application of the methodology.

Benefits

The benefits can be assessed in terms of opportunity cost from not investing time and resources in developing a new methodology, other than that proposed by the BCBS for Member States where the process has already been established. By following the proposal of the BCBS paper, the NSAs and the EBA will not have to assign resources to establish and validate a new methodology.

## 4.2 Feedback on the public consultation

The EBA publicly consulted on the draft proposal of the draft RTS, ITS and guidelines relating to the identification methodology of G-SIIs together.

The consultation period began on 12 December 2013 and ended on 28 February 2014. Nine responses were received, of which eight were published on the EBA website.

This paper 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 necessary.

In many cases, several industry bodies made similar comments or the same body repeated its comments in its response to different questions. In these cases, the comments and EBA analysis have been included in the section of this paper where the EBA considers them most appropriate.

Changes to the draft RTS, ITS and Guidelines have been incorporated as a result of the responses received during the public consultation.

### Summary of key issues and the EBA's response

Most respondents welcomed the concept of using the same data as under the methodology applied by the Basel Committee for Banking Supervision for identifying systemically relevant institutions. Nevertheless, some of the proposed indicators were criticised by some respondents. Among other things, they suggested using qualitative indicators such as institutions' recovery and resolution plans, business and funding models, risk management and stress testing frameworks. Some respondents also questioned the cross-country indicator, under which intra-EU liabilities were accounted for as cross-border activities, which increased systemic importance.

EBA response:

Article 131(3) and (10) of Directive 2013/36/EU exhaustively govern the role of supervisory judgment and qualitative indicators in the methodology for identification. Only qualitative elements that refer to the impact of the institution's failure should influence the allocation of an institution to a sub-category. Therefore, resolvability and resolution plans may be a suitable element, whereas there may be concerns about including risk management and stress testing. As Article 131(2) of Directive 2013/36/EU defines the indicator category as 'cross-border activity of the group, including cross border activity between Member States and between a Member State and a third country', there is no room for deviating from this in the draft RTS.

Respondents expressed a preference for postponing the disclosure of the required data, to avoid a conflict between the disclosure under the BCBS process which follows the same schedule.

EBA response:

To reduce the administrative burden for institutions as much as possible, the identification of G-SIIs in the EU, and reporting and disclosure are synchronised with the BCBS process, and institutions must report the same data as reported to the BCBS to Member States' authorities. Therefore, there is no risk of misinterpretation by market participants as they are used to the BCBS process which will just be expanded to a larger group of institutions.

Some respondents advocated the disclosure of the values of the 12 indicators only, rather than of the underlying data.

EBA response:

Meaningful disclosure requirements are necessary to ensure greater convergence of supervisory practices and accurate assessment of risks, resulting in fair conditions of competition between comparable groups of institutions across the EU. With this in mind, large institutions should be subject not only to additional capital requirements, if they are G-SIIs, but in general also to greater public scrutiny than average institutions. In addition, the identification process should be as transparent as possible.

## Summary of responses to the consultation and the EBA's analysis

| Comments | Summary of responses received | EBA analysis | Amendments to the proposals |
|---|---|---|---|
| **General comments** | | | |
| Acronym G-SII | Respondents pointed out that the acronym G-SII is used to denote global systemically important insurance undertakings. | The acronym is used in Directive 2013/36/EU. There is no room for deviating from this in the draft RTS. | No amendment. |
| Intra-EU/Eurozone banking activity under the cross-border activity indicator | Many respondents were critical of the fact that intra-EU or intra-Eurozone banking activities are accounted for under the cross-border activity indicator, thereby increasing the measured systemic relevance.<br><br>One respondent suggested that exposures and liabilities to local persons/entities in a local currency of a group's subsidiaries in countries other than the home country of the group should be defined as not cross-jurisdictional. | Article 131(3) of Directive 2013/36/EU defines the indicator category as 'cross-border activity of the group, including cross border activity between Member States and between a Member State and a third country'. Although it can be argued that the impact on systemic relevance is lower within the EU, the Directive is clear on this point. There is no room for deviating from this in the draft RTS.<br><br>The indicator of cross-border activity measures the global systemic impact of a failure and its resolvability. The systemic impact is expected to be higher, and the group less resolvable, if a group is active in jurisdictions other than the EU home country of the group. | No amendment. |
| Qualitative indicators | Respondents expressed the view that, while the quantitative indicators adequately reflect the systemic risk of institutions, qualitative elements should be part of the G-SII assessment. These elements could include institutions' recovery and resolution plans, business and funding models, risk | Pursuant to Article 131(3) of Directive 2013/36/EU, the identification methodology will be based on categories consisting of quantifiable indicators. Paragraph (10) of the same Article provides that authorities may re-allocate institutions to a higher sub-category based on sound supervisory | No amendment. |

| Comments | Summary of responses received | EBA analysis | Amendments to the proposals |
|---|---|---|---|
| | management and stress testing frameworks. One respondent also criticised the fact that activities are measured as a group-wide aggregate, while the distribution and dispersal might be useful in terms of risk diversification. | judgment, in which qualitative elements can be assessed. However, the methodology leaves no room for allocation to a lower sub-category based on supervisory judgment and qualitative indicators.<br><br>Qualitative elements informing the sound supervisory judgment pursuant to Paragraph (10) should refer to the impact of the institution's failure. Therefore, resolvability and resolution plans may be a suitable element, whereas there are concerns about including risk management and stress testing, which regularly do not imply a lower impact of the institution's failure. The organisational or financial structure could only be suitable to the extent it facilitates resolvability. For the time being, neither the resolution plans nor resolvability considerations are sufficiently advanced to justify taking them into account in favour of an institution. | |
| Definition of 'relevant entities'. | One respondent expressed the view that it is not entirely clear if the definition includes a group's uppermost European consolidated entity or not. | The definition in the draft RTS refers to the cases listed in Article 131(1), and the definitions in Article 3(25) and (29) of Directive 2013/36/EU apply. This makes it clear that relevant entities may not be a subsidiary of an institution or of another financial holding company or mixed financial holding company set up in any Member State. | No amendment to the RTS, clarification to the definition in Title I of the guidelines. |
| Disclosure of indicators or underlying values | Many respondents opposed disclosure not only of the 12 indicators defined in the draft RTS, but also of the underlying values. | Meaningful disclosure requirements are necessary to ensure greater convergence of supervisory practices and accurate assessment | No amendment. |

| Comments | Summary of responses received | EBA analysis | Amendments to the proposals |
|---|---|---|---|
| | Respondents referred to potential misinterpretations due to differences in accounting and regulatory regimes. | of risks across the EU, resulting in fair conditions of competition between comparable groups of institutions. They improve data quality and strengthen market discipline. With this in mind, G-SIIs should be subject not only to additional capital requirements, but also to greater public scrutiny than average institutions. In addition, the identification process should be as transparent as possible.<br><br>Misinterpretation of the data can be avoided by using uniform definitions of the indicators and a high degree of international convergence. | |
| Disclosure date | Respondents suggested postponing the date when the indicators should be publicly disclosed to November, to avoid confusion with other required disclosure dates. | In line with the Basel Committee on Banking Supervision (BCBS) standard and in order to give competent authorities sufficient time to calculate banks' scores based on public data and allow for the subsequent incorporation of supervisory judgment, institutions should not make the required disclosure later than four months after their financial year-end, and, in any event, no later than the end of July. The fact that disclosure in the G-SII identification process is required at the same time as the BCBS will not cause confusion, as the data are identical. | No amendment. |
| **Responses to questions in Consultation Paper EBA/CP/2013/44** | | | |
| Question 1.<br><br>Is it adequate to use the same data as used in the | Nearly all respondents supported and welcomed the proposal to use the same data as under the methodology used by the Basel | | |

| Comments | Summary of responses received | EBA analysis | Amendments to the proposals |
|---|---|---|---|
| BCBS identification process for the scoring? | Committee on Banking Supervision.<br><br>However, one respondent raised concerns not about the proposal to use identical data in general, but about certain indicators. | Concerns about certain indicators are discussed under Question 2 below. | |
| Question 2.<br><br>Are the indicators set out in Article 6 adequate for reflecting the systemic relevance of a systemically important institution? | A few respondents raised concerns about the payment activity indicator as part of the substitutability/financial infrastructure category. They expressed the view that it was unreliable for the following reasons: only payments via large payment systems are captured; payments for other parties were included; it was already captured by the size, interconnectedness and complexity indicator; and the relevant data were not usually required for risk or financing reporting and therefore not stored and monitored centrally.<br><br>One respondent asked for clarification relating to unsettled payments. | The draft RTS aim to use the same data and indicators as the BCBS methodology. This approach reduces the administrative burden and enhances data quality as well as transparency, and therefore has been welcomed by nearly all respondents. In this vein, deviations from the indicators used by the BCBS would need a well-founded justification. On the other hand, however, the payment activity indicator is appropriate for measuring systemic relevance; payment activity is an evidently critical function of banking groups. The substitution of this function by another market participant does not seem practicable in many cases. Overlaps with other indicators cannot be avoided, in view of the objective to capture all sources of systemic relevance.<br><br>Unsettled transactions in general can be reported under data point 2d Other assets. Details may be discussed with the competent authority. | No amendment. |
| | One respondent criticised the fact that most of the indicators reflected size. | Size is an important criterion for determining systemic relevance. In addition, it is probable that quantifiable criteria will normally correlate with size. | No amendment. |

| Comments | Summary of responses received | EBA analysis | Amendments to the proposals |
|---|---|---|---|
| | Respondents raised concerns about the consolidation scope, which they think should be more precise. | In general, the draft RTS leave some room for defining the consolidation scope to cater for specificities of regulatory consolidation, applicable accounting principles and for different indicators. For the various indicators, details with regard to the applicable consolidation scope are indicated in the reporting instructions. | No amendment. |
| Question 3.<br><br>Are the timelines for the identification process and the coming into force of the buffer requirement adequate, and do they allow for sufficient time for adjusting to it? | The majority of the respondents expressed their satisfaction with the timelines of the identification process.<br><br>One respondent proposed a shorter assessment cycle that should be more responsive to changes in banks' systemic profile, including a recalibration when a G-SII undertakes a material divestment or M&A. | The timeline for the assessment and for the coming into force of the buffer requirement aims to give authorities the required time to make the necessary calculations, and institutions sufficient time to adjust to higher own funds requirements. In addition, the assessment cycle should be in line with international standards and with the implementation of higher own funds requirements resulting from this assessment on an international level.<br><br>However, the timelines should be re-assessed in a future review to the draft RTS. | No amendment. |
| Question 4.<br><br>Are the template and the instructions clear and sufficiently comprehensive for enabling institutions to complete the disclosure process? | Respondents referred to the updated 2013 data template and instructions issued by the BCBS to include changes to indicator and ancillary data requirements.<br><br>One respondent pointed out that it is important that applicable rules align to the revised rules for calculating the Basel III leverage ratio. Another respondent asked for the definition of a mapping between the | The draft RTS, ITS and guidelines will reflect the most up-to-date rules at the time it is finalised, ensuring alignment with the BCBS methodology at that point. Any later updates will have to be implemented by an amendment of one or more of these products. | Data template and instructions have been updated in line with updates to the BCBS methodology. |

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| | requested template and the official reporting modules.<br>One respondent asked for further clarification as to the classification of economic agents. | Certain terms should be more clearly defined. | Certain definitions such as the terms 'financial institutions' and 'small businesses' have been added. |
| Question 5.<br>Do you agree with our analysis of the impact of the proposals in this CP? If not, can you provide any evidence or data that would explain why you disagree or might further inform our analysis of the likely impacts of the proposals? | Most respondents expressed their satisfaction with the analysis of the impact of the proposals.<br>One respondent highlighted the need for qualitative elements in the methodology. | Qualitative elements in the assessment are discussed under the section General remarks above. | |
| | One respondent expressed concerns that the identification of G-SIIs could lead to market distortions (e.g. in the behaviour of depositors or in interbank funding). | Although there may indeed be an argument that the identification of a G-SII may lead to market reactions in individual cases, this is a consequence of the identification itself and not from the regulatory approach in these guidelines. | No amendment. |
| | One respondent suggested an exemption whereby when G-SII reporting disclosure takes | The consolidation scope of Article 131(1) of Directive 2013/36/EU, draft RTS, ITS and | Clarification on the definition of |

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| | place at group-consolidated level, an operating entity would be exempted from the G-SII reporting and disclosure requirements; notwithstanding, it may exceed the EUR 200 billion exposure threshold. | guidelines should be more clearly aligned. | the term 'relevant entity' in Title I of the guidelines. |