

January 16, 2020

Submitted electronically

European Banking Authority
EUROPLAZA
Directorate-General for Financial Stability,
20 Avenue André Prothin
92927 Paris La Défense
France

Re: Draft Implementing Technical Standards on Public Disclosures by Institutions of the Information Referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013

Dear Sir or Madam:

The European Network of Credit Unions (ENCU) appreciates the opportunity to comment on the European Banking Authority's *Draft Implementing Technical Standards on Public Disclosures by Institutions of the Information Referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 (Draft ITS)*.¹ 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

ENCU supports the European Banking Authority's (EBA) effort to maintain the consistency of disclosure formats with international standards on disclosures and promote "market discipline through... the development of a comprehensive implementing technical standard (ITS) on disclosure." Furthermore, we support the EBA's position on the importance of proportionality in the Pillar 3 disclosures by delineating disclosure requirements between large institutions and small/non-complex institutions by allowing small and non-complex institutions to focus their disclosures on key metrics and decreasing the frequency of disclosure submission.

While we agree with the EBA's mission and attention to the issue of proportionality in the Draft ITS, we ask that the EBA consider and implement clearer instructions that expressly outline the specific disclosures that are required for small and non-complex institutions; and we request

¹ The European Commission's *Draft Implementing Technical Standards on Public Disclosures by Institutions of the Information Referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013*, available at <https://eba.europa.eu/eba-launches-consultation-on-comprehensive-pillar-3-disclosures>.

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

that the EBA construct a method that simplifies access to all applicable tables, templates and instructions. For example, within any given table or template, a cited reference and a hyperlink to the corresponding instructions and regulation/s would provide a more streamlined and manageable process for persons responsible for completing the required disclosures. A more simplistic system for disclosure reporting would cut down on additional training, resources, and overall administration of the process. Excessive administrative burdens prove to be costly for small and non-complex institutions such as credit unions and they adversely affect their ability to give much needed services to their consumers.

Discrepancies under 5.3.7 Disclosure of liquidity requirements:

While reviewing the Annexes consisting of tables, templates and instructions, we discovered some discrepancies and uncertainty with the liquidity requirement disclosures. According to Article 8 of the Uniform Disclosure Formats and Instructions, liquidity requirement disclosures are required subject to Articles 435(1) and 451a of Regulation (EU) No 575/2013, and in accordance with the table in Annex 17; however, neither the table nor the instructions outline with specificity the required disclosures subject to Article 435(1), but only states the required disclosures subject to 451a. Small and non-complex institutions are not required to disclose information under Article 451a, and it is unclear to these institutions which disclosures apply to them. Additional instructions are necessary. The instructions should include the legal basis for disclosures under Article 435(1), and specify which disclosures small and non-complex institutions are not subject to. The clarity will cut down on time and costs, which can deplete budget and resources within small institutions such as credit unions.

ENCU restates its support for the EBA's Draft ITS, particularly the importance placed on proportionality for small and non-complex institutions. This approach allows small financial institutions like credit unions to focus on their mission of financial inclusion through accessible and affordable financial services for the underserved. In order to continue this objective, we respectfully urge the EBA to continue to monitor proportionality levels to ensure it is appropriate to small and non-complex institutions and adjust the policies as time and new information support modification of the standards. Tailoring disclosure requirements to smaller institutions such as credit unions reduces the administrative burdens associated with these programs who are effective in meeting the objectives of providing financing for small businesses, people of modest means, and underserved communities.

The European Network of Credit Unions appreciates the opportunity to comment on the European Commission's *Draft Implementing Technical Standards on Public Disclosures by Institutions of the Information Referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013*. Please do not hesitate to contact me (information below) or Denista Marchevska by email at info@creditunionnetwork.eu or phone at +32 2 626 9500 should you have any questions regarding our comments.



Sincerely,

A handwritten signature in blue ink, appearing to read "Panya Monford".

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