European Banking Authority
Submitted via consultation website

16th June, 2016

Dear Sirs,

**Consultation paper: Disclosure of encumbered and unencumbered assets under Article 443 of the CRR**

We are pleased to have the opportunity to respond to this consultation paper.

We support the ongoing development and enhancements to the disclosure of encumbered assets. The improvements to the transparency and disclosure of asset encumbrance considered within the consultation paper are aligned with Virgin Money's balance sheet principle to manage asset encumbrance within prudent Risk appetite limits. Responses to the questions raised within the consultation are detailed below.

If you would like to discuss any aspect of our response in greater detail, please do not hesitate to contact me.

Yours faithfully,

**Marian Watson**
Chief Risk Officer

Question 1: Given the balance between transparency and the need to avoid detection of central bank liquidity assistance, do you agree with the disclosure requirements proposed in this RTS? Do you agree with the fields in the Templates that are required to be disclosed? Please provide reasons for your answer.

*VM support the increased transparency provided by the disclosure of encumbrance through central bank liquidity assistance. Through clear regulatory guidance that central banks liquidity facilities should be used for the on-going management of liquidity, the PRA have removed the stigma attached to use of central bank liquidity facilities.*

Question 2: Based on your experience with providing information according to the 2014 Guidelines or with using information disclosed as per these Guidelines, do you believe that the use of median values for disclosures offers sufficient relevant information while also addressing potential financial stability concerns or would you prefer disclosure using end of period values? Is there another appropriate value for disclosure? Please provide reasons for your answer.

*VM support the disclosure of median values. This approach addresses the recognised limitations of reporting encumbered and unencumbered assets at a given reference date.*

Question 3: Do you agree that the 'median of the sums' method is the most relevant to be used in calculating a "Total" or "Sub-total" row in case the median values are used for disclosure? Please provide reasons for your answer.

*VM support the disclosure of median values.*

Question 4: Do you agree with the disclosure of assets of extremely high liquidity and credit quality (EHQLA) and assets of high liquidity and credit quality (HQLA) in accordance with Commission Delegated Regulation (EU) 2015/61 as the most relevant information possible in terms of asset quality of encumbered and unencumbered assets? Please provide reasons for your answer. In case you disagree with the disclosure of the EHQLA and HQLA metrics, please indicate the most appropriate alternative metrics according to you (central bank eligibility, traditional asset quality indicator, risk-weights, internal rating/asset quality step, external rating, or another indicator) for providing relevant information on the asset quality of encumbered and unencumbered assets.

*VM support the disclosure of liquid assets segregated by EHQLA and HQLA. The approach provides relevant information of the quality of a liquidity portfolio and is aligned to the Liquidity Coverage Requirement definition.*

Question 5: Do you agree with the qualitative disclosure requirements in Template D? In case of disagreement, please identify any requirement you disagree with or state any disclosure requirement you would like to see enhanced or included in Template D.

*VM support the opportunity to provide qualitative information.*

Question 6: Does the proposed annual disclosure frequency meet the needs of users for transparency? Please provide reasons for your answer.

*VM support the improved transparency provided by more regular disclosure for larger and globally systemically important institutions.*