Realkreditrådet
ASSOCIATION OF
DANISH MORTGAGE BANKS

European Banking Authority 11 August 2016

Response to consultation on Draft Guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013 – EBA/CP/2016/06

The Association of Danish Mortgage Banks (Realkreditrådet) welcomes the opportunity to comment on the Draft Guidelines on LCR disclosure to complement the disclosure of liquidity risk management.

We support the objective of increasing transparency for investors about financial institutions´ liquidity risk but we have noticed that the requirements on disclosure is far reaching compared to the level 1 regulation on LCR. We would highlight that it is important that guidelines which are own initiatives by EBA do not go beyond the mandate of level 1 legislation (CRR).

We are concerned about the level of details and sensitivity in some of the proposed information requirements and the requirements to disclose LCR on an average of daily LCR calculations. Further comments are given in our answer to questions 5 and 11.

We would ask EBA to consider our concerns when finalising the guidelines.

Answers to specific questions

Question 5: Do respondents have any comment relative to the content of the table in Annex I of the draft guidelines and the way to display it?

We are concerned about the level of disclosure of qualitative information. The information requirements under Annex 1 are very detailed and nearly corresponds with the requirements under the ILAAP. The value of providing the information to stakeholders will not be proportional with the negative effect of providing sensitive information to competing credit institutions.

Question 11: In accordance with Article 4 of Commission Delegated Regulation (EU) 2015/61, the LCR needs to be met at any time whereas Article 15(1) of Commission Implementing Regulation (EU) No 680/2014 requires a monthly frequency of LCR reporting. The suggested approach for the LCR disclosure template is based on averaged values over daily observations based on the reporting templates. Particularly

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considering that the most recent data needed would be from the quarter prior to the disclosure date, do respondents consider that this approach is, from a practical point of view, operationally feasible meaning that the accuracy of the daily reporting observations for the calculation of the averages can be ensured? Do respondents consider that this operational feasibility could depend on the size of the credit institution or could be different in the case of solo or consolidated data?

The requirement to disclose an average LCR based on daily observations lacks in our opinion consistency with the requirements on monthly frequency of LCR reporting according to the Commission Implementing Regulation.

We are also concerned with the requirement to disclose LCR based on an average of daily LCR calculations as the disclosed figures will not be comparable with the LCR figures reported to the supervisor. Furthermore it will be burdensome and costly for the mortgage banks to implement a disclosure on daily observations and the information do not give added value to the market participants.

Best regards,

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