
Consultation response

Consultation on Guidelines on disclosure requirements under Part Eight of Regulation (EU)

29 September 2016

The Association for Financial Markets in Europe (AFME) welcomes the opportunity to comment on the European Banking Authority's (EBA's) consultation on Guidelines on disclosure requirements under Part Eight of Regulation (EU). AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. We advocate stable, competitive, sustainable European financial markets that support economic growth and benefit society.

AFME is the European member of the Global Financial Markets Association (GFMA) a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) in Asia.

AFME is listed on the EU Register of Interest Representatives, registration number 65110063986-76.

We summarise below our high-level response to the consultation, which is followed by answers to the individual questions raised.

Overview/Executive Summary

Overall, the issuance of guidelines is welcome for the purpose of providing clarity of requirements. However, we believe the focus of disclosure should move towards greater consistency rather than greater granularity of data as proposed in the Guidance, some of which is proprietary and market sensitive. Greater consistency will help users of the information to perform industry and peer analysis on comparative information.

Additionally, we note that the consultation asks users to comment on the usefulness of proposed disclosures. AFME members support the EBA's efforts to gather evidence on users' needs and demand for regulatory disclosures. This is important given the material costs to banks of producing the proposed additional disclosures. As with any form of regulatory policy making, it must be ensured that benefits exceed costs. We therefore strongly urge the EBA to undertake further analysis of demand for disclosures to ensure it is meeting user needs as intended. A starting point would be to examine the parts of the proposed guidelines we have identified as having limited usefulness to users.

Nevertheless, we welcome the effort to use the supervisory framework (COREP and FINREP) as well as information already published under the Transparency Exercises to ease implementation of the revised Pillar 3 framework by EU institutions. However, we have noted a number of instances where the proposed templates are not 'tied to the CRR' as suggested by the Guidelines, but go beyond what is required within the CRR or currently submitted as part of regulatory filings. We wish to ensure disclosures requirements remain tied to the CRR and do not pre-empt requirements; we have noted examples in Annex A-C for your consideration.

Finally, we welcome the clarification that publication of the Pillar 3 report can occur within a reasonable timeframe after the financial statements. It is noted that a substantial number of the templates are similar to COREP, which is a welcomed proposal. However, the timeline for COREP submission, as set by the EBA, is further behind the publication of financial statements at half-year. As a result, it would be extremely challenging for banks to align the two, even in the medium term. Given the

increasing amount and complexity of disclosure requirements imposed on banks, we would like to request flexibility to be granted in this aspect.

We appreciate the EBA's intention behind the recommendation for G-SIBs to early adopt the guidelines due to market pressure and international comparability. It should be noted however, that the guidelines are still in draft and the subset of templates to be early adopted are subject to change upon finalisation by the end of 2016. This will leave G-SIBs with insufficient time to respond to any changes in the templates before the release of 2016 Pillar 3 report in early 2017. We would therefore like to highlight the infeasibility of early adoption.

Questions

Q1. Do users prefer a comprehensive template providing a breakdown of capital requirements and RWA by exposure classes for credit risk in Template EU OV1-B, or would they prefer to have the detailed breakdown by exposure classes provided in Template EU CR5-B for the Standardised approach and Template EU CR6 for the IRB approach?

A comprehensive template is preferred over providing detailed breakdown in EU CR5-B and EU CR6. The level of detail required in EU CR5-B and EU-CR6 is deemed too granular for the purposes of disclosure and would require significant additional IT investment.

In addition, we believe the granularity required in EU-CCR4 to be unduly burdensome. In combination, for some institutions, EU-CR6 and EU-CCR4 will require the production of in excess of an additional 100 templates. This level of granularity is also not deemed useful for users as it will make it difficult to identify key information.

Q2. Do members prefer a breakdown by exposure classes for Article 442 CRR using the granularity from COREP, the CRR or the Transparency exercise? In case users prefer a combination of the different exposure classes available in these breakdowns, please indicate the combination you would favour.

The granularity from COREP is preferred for providing a breakdown for exposure classes for Article 442 CRR.

The use of CRR would require additional checks between COREP and CRR, even if the differences in reporting were marginal. As such, COREP is preferred as it is already used for regulatory reporting and therefore requires limited additional resources. Additionally, the regularity of COREP returns is preferred over the Transparency exercise submissions. It should also be noted that exposure classes (except securitization) in the Transparency exercise, were initially derived by the EBA from COREP.

Q3. Do you believe information on the exposure-weighted average maturity by PD grade is useful for understanding of an institution's IRB RWA?

Q4. Would it be feasible to breakdown the value adjustments and provisions by PD grade for the fixed PD grade bands that are provided in the masterscale? Would this information be useful to users?

Providing the level of information referenced in these questions (Q3&4) would provide a detailed view of a bank's book profile, which is a point in time view of a bank's business plan and considered proprietary and market sensitive. In addition, there is a risk that users will make simplistic assumptions from data presented on an 'average maturity' basis and this will lead to judgements and actions being based on non-accurate user analysis.

It should also be noted that our membership has reported minimal / nil requests for such information from users to date. As such, there is limited evidence of demand or benefit to users.

Q5. Is information on the sources of counterparty credit risk (breakdown by type of transactions) for exposures measured under the Internal Model Method useful for users? Should this breakdown be expanded to the other methods of computation of the exposure value?

We have concerns over the feasibility of providing this information. IMM is based on the use of probabilistic scenarios for the evolution of risk factors which are combined with pricing model outputs to determine future potential exposures. It is not feasible to attribute scenario outputs to transaction type due to their probabilistic nature and there is no practical solution to creating a meaningful breakdown.

In addition, we have noted other issues with providing a breakdown of counterparty credit risk (CCR) exposures by type of transaction which would require a number of assumptions to be made:

- Netting assumptions: Collateral used to net exposures is typically applied on a portfolio level. There would therefore need to be a methodology applied to apportion this collateral by transaction type, despite risk mitigation being performed on a portfolio level.
- Allocation of diversification benefit: The diversification benefits which arise across a portfolio would need to be attributed to each transaction type to ensure the total CCR exposure reconciled to the separate components in the breakdown.

As such, we do not support providing information on the sources of CCR for exposures measured under the Internal Model Method or by any other method of computation.

As per the previous question, our membership has reported minimal / nil requests for such information from users to date. As such, there is limited evidence of demand or benefit to users.

Q7. Which impediments, if any, including issues of availability of information, currently prevent you from disclosing the information on total (Standardised plus Internal model approaches) capital requirements by types of market risk as required under Article 445 CRR or are likely to render the disclosure of Template EU MR1-A unduly burdensome?

In contrast to standardised charges, IMA-based capital requirements and RWA figures represent portfolio measures, as envisaged under the CRR. Disaggregating them into separate risk type classes will require IT development. We also note that this is not part of COREP reporting either. Therefore, the layout of the EU MR1-A template as currently proposed in the draft guidelines does not enable IMA charges to be presented appropriately. Hence, we request that Template EU MR1-A be re-designed to present capital requirements and RWA figures separately for the Standardised approach and Internal model approach, as currently done for COREP. This will also enable a better linkage of data across regulatory reporting and Pillar 3 disclosures, both of which go through extensive governance processes before being submitted or published.

In addition, we do not believe inclusion of settlement risk or large exposures are merited within the template EU MR1-A as these risk types are not typically part of Market Risk.

We suggest that MR1-A is re-designed as follows:

| | | RWA | Capital requirements |
|----------|--|------------|-----------------------------|
| 1 | Internal models approach | | |
| 2 | VaR | | |
| 3 | SVaR | | |
| 4 | IRC | | |
| 5 | CRM | | |
| 6 | Other (including RNIVs) | | |
| 7 | Standardised approach | | |
| 8 | Interest rate risk (general and specific) | | |
| 9 | Equity risk (general and specific) | | |
| 10 | Foreign exchange risk | | |
| 11 | Commodity risk | | |
| 12 | Specific interest rate risk of securitisation position | | |
| 13 | Total | | |

Q9. Do you agree with the proposed scope of application of the Guidelines?

G-SIIs and O-SIIs vs wider application

We view the application of these Guidelines to G-SIIs and O-SIIs as appropriate, but are mindful of the intended maintenance of national discretion and that there remains the ability of national authorities to apply these Guidelines more widely. We ask that this national discretion be reconsidered to help ensure a proportionate approach and a level playing field across member states.

In addition, we note that under paragraph 8 of the draft Guidelines, the scope of application of disclosure requirements for governance arrangements (as outlined in Section 4.3C of the draft Guidelines) extends to significant subsidiaries. It is not clear from the Guidelines as to the rationale for the extension of these requirements to significant subsidiaries. Governance arrangements are typically set at the parent level and applied consistently across a group. As such, any requirement should be limited to highlighting where these arrangements are materially different to those that have been disclosed at the parent level. This will reduce the reporting burden and highlight only material differences. As such, we ask that further rationale be provided as to the purpose of extending the reporting requirement to significant subsidiaries and seek further feedback on its appropriateness.

Finally, we believe that it is necessary to ensure that the Guidelines do not contradict Article 13 CRR that limits the scope of disclosures regarding significant subsidiaries and that enumerates articles of the CRR under which information should be provided. Indeed, article 13 CRR states that “significant subsidiaries of EU parent institutions and those subsidiaries which are of material significance for their local market shall disclose the information specified in articles 437, 438, 440, 442, 450, 451 and 453, on an individual or sub-consolidated basis”.

Insurance Participation

We believe the disclosure requirements proposed in relation to the option in Article 49 CRR for non-deduction of insurance participations from own funds would deprive Article 49(1) of the CRR and the associated exemption decisions made by competent authorities of any useful effectiveness. Based on the EU principle of useful effect, Article 438 of the CRR must be interpreted in a manner consistent with the other provisions of the CRR so as not to deprive any of them of their effectiveness:

The European Court of Justice has consistently held that “*where a provision of EU law is open to several interpretations, preference must be given to the interpretation which ensures that the provision retains its effectiveness*” and that the “*provision must be interpreted, as far as possible, in such a way as not to detract from its validity*”.

Moreover, Article 437(1)(d) of the CRR provides for an exhaustive list of items that must be subject to a separate disclosure by credit institutions: “(i) each prudential filter applied pursuant to Article 32 to 35 of the CRR; (ii) each deduction made pursuant to Articles 36, 56 and 66 of the CRR; and (iii) items not deducted in accordance with Articles 47, 48, 56, 66 and 79”. There is no reference to Article 49(1) of the CRR in that list, which means that insurance participations which are not deducted as a consequence of using Article 49(1) are not regarded by the CRR as requiring a separate disclosure. As a result, the EU legislator’s intent was clearly not to apply separate disclosure requirements to amounts of non-deducted insurance participations.

In addition, the Basel Committee revised Pillar 3 framework does not require the disclosure of the amount of non-deducted holdings of own funds in insurance companies.

The EBA cannot create, on its “*own initiative*,” new disclosure requirements in areas where the requirements have already been specified by the European Commission in accordance with the CRR.

The EBA should therefore not require a separate disclosure of non-deducted insurance participations.

Q10. In case you support the development of key risk metric template(s) that would apply to all institutions, which area of risks and metrics would you like to be covered in such template(s)?

We are supportive of a key risk metric template and believe this is a good step towards increased consistency. However, we note that the template from the BCBS Phase II consultation on Pillar 3 is still to be finalised and to ensure this standard is applied consistently globally, we believe once the template is finalised it should form the basis of consultation on an equivalent key risk template in the EU.

Q11. Do you regard making available quantitative disclosures in an editable format as feasible and useful? CONSULTATION PAPER ON GUIDELINES ON DISCLOSURE REQUIREMENTS UNDER PART EIGHT OF REGULATION (EU) 575/2013 174

Disclosure in an editable format is feasible, however, it will be difficult to achieve in the timeframe outlined. Implementation would require a parallel stream for disclosures made in an editable format versus the existing disclosures made in non-editable formats. The parallel stream will require additional resources and governance, with associated costs, which would be in addition to the resources and governance required to comply with the all of the other requirements outlined in the Guidance.

As such, we believe this requirement should form part of a future consultation, allowing firms to first concentrate efforts on ensuring compliance with the revised Pillar 3 framework and the CRR, which in combination represent a material increase in disclosure requirements for a number of institutions.

Q13. Does an early implementation of a selected set of information specified in these Guidelines appear feasible?

Early implementation does not appear feasible at this stage. For the disclosure of a selected set of 2016 year-end data, it is necessary to update existing systems and processes to ensure accurate and complete templates can be produced for the 2016 year-end in time. Updated processes will need to include a smooth running of governance that enables appropriate oversight and sign-off. This will require a period of post-implementation review and analysis of templates (a parallel run with the already embedded formats and tables used by the banks) in order to assess the impact of the changes proposed in the draft Guidelines and smooth out any process issues. Given templates are still being consulted on, and the EBA subsequently will require time to finalise the guidelines, the final form of templates is unlikely to be finalised earlier than late 2016. This will leave insufficient time to follow due process without significant disruption to other year-end reporting obligations.

Q15. Do you agree with the content of these Guidelines? In case of disagreement with specific parts of these Guidelines, please outline alternatives regarding these specific part(s) to achieve the implementation of the revised Pillar 3 framework in a fully compliant way with the current CRR requirements.

The Guidelines help to eliminate the need for dual reporting in implementing the revised Pillar 3 framework and complying with current CRR requirements.

In some instances, however, it has been noted that these Guidelines go beyond providing guidance 'from a presentational aspect' and are not always 'tied to the CRR'. Where this has implications for proprietary, confidentiality or cost-benefit consideration or indeed the requirement is unclear, we have identified such instances in Annex A. Furthermore, in some instances we have noted disclosure requirements pre-empt changes in existing reporting requirements, as summarised in Annex B. As such, we ask that these templates are re-considered as part of these guidelines and that requirements remain tied to the CRR, without pre-empting reporting requirements.

In addition to the observations noted above, we have included comments on the remaining templates which we believe would benefit from being merged or adapted for your consideration (*See Annex C*). These comments are intended to aid in effective implementation of the Guidelines.

Kind Regards,



Director, Prudential Regulation

Sahir Akbar

Annex A - Requirements with implications for Proprietary, Confidentiality or Cost/Benefit consideration

(Also includes unclear requirements)

| Template reference: EU OVA | |
|--|---|
| Template: Institution Risk Management Approach | |
| Page reference: 66 | CRR Article: 435 |
| Text Requirement(s) | Comments |
| <p>“institutions should also disclose the nature, extent, purpose and economic substance of transactions within the group, affiliates and related parties. Only those transactions that have a material or reputational impact on the risk”</p> | <p>Proprietary information This goes far beyond the current requirement which focuses on PROCESS, to look at actual <i>transactions</i>. This could be highly proprietary information for most banks and the onus should not be on them to provide an explanation for exclusion.</p> |
| <p>“for each type of risk: breakdown of responsibilities between the management body, the senior management, the business lines and the risk management function the organisational and internal control procedures and an illustration of the risk management function from the relevant business line and from the compliance unit and internal audit).</p> <p>When disclosing the structure and organisation of the relevant risk management function, institutions should disclose the following:</p> <ul style="list-style-type: none"> • information on the overall internal control framework and how its control functions are organized (authority, resources, stature, independence), the major tasks they perform, how the performance is monitored by the management body and any actual and planned material changes to these functions; | <p>Cost-Benefit CRDIV requirements on Risk Management Objectives and Policies are already requiring a substantial amount of disclosure This prescribes a significant level of granularity over and above the current requirements with little evidence that the market actually needs more than is already required through CRR.</p> |
| <ul style="list-style-type: none"> • The approved limits of risks to which the institution is exposed to;” | <p>Proprietary/ Confidentiality This is highly proprietary and confidential as well as prescribing a significant level of granularity over and above what the current requirement.</p> |
| <ul style="list-style-type: none"> • “Changes of the heads of the internal control, risk management, compliance and internal audit function”; • “When providing information about the main features of risk reporting and measurement systems in application | <p>Proprietary/ Confidentiality This is highly proprietary and confidential as well as prescribing a significant level of granularity over and above the spirit of the current CRR requirements in Article 435.</p> |

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| <p>of Article 435(1)(c), institutions should disclose their policies regarding systematic and regular reviews of risk management strategies, and periodical assessment of their effectiveness.”</p> | |
| <p>When disclosing information regarding the recruitment policy for the selection of members of the management body in accordance with Article 435(2)(b), institutions should disclose foreseeable changes within the overall composition of the management body</p> | <p>Proprietary/ Confidentiality This is proprietary / confidential for the institution and the recruited members, which could affect the share price of listed companies and have consequences for the recruited members.</p> |

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|--|--------------------------------|
| <p>Template references: EU LI1/LI2/LI3 Template: Scope of Application</p> | |
| <p>Page reference: 72-78</p> | <p>CRR Article: 436</p> |
| <p>Comments</p> | |
| <p>Cost-Benefit The requirement of Art 436 is covered by template LI3. Templates LI1 and LI2 require mappings (of risk categories to Financial statements, off balance sheet to regulatory adjustments) which the Article 436 DOES NOT ask for at all. We suggest that the column e '<i>Items subject to Market Risk Framework</i>' is removed from the table. The concept of exposure amounts considered for regulatory purposes is generally applied for the credit risk and is meaningless when considered against market risk. Column a '<i>Total</i>' should be removed because the headings of rows 1 and 2 suggest that the content to the right will equal totals from template EU LI1, but EU LI1 includes the elements of the balance sheet that are not subject to the regulatory framework. Template LI2 is focused on assets in the regulatory scope of consolidation that are subject to the regulatory framework. Disclosure of accounting / regulatory consolidation treatment for every entity is not meaningful for investors. For larger organisations, providing information on every entity in the group is a significant burden, both in terms of time, resource required and size of the disclosure in the Pillar 3 document, and is disproportionate to the benefits derived by users.</p> | |

| Template references: LIA Template: Scope of Application | |
|--|------------------|
| Page reference: 79 | CRR Article: 436 |
| Comments | |
| <p>Cost-Benefit LIA a) and b) are qualitative explanation of requirements in LI1 and 2 and is therefore excessive in line with comments on LI1 and 2 above.</p> | |
| Page reference: 79 | CRR Article: 455 |
| Comments | |
| <p>Unclear Requirement LIA c) is pulled in from Article 455 and therefore would understand the requirement to not be relevant to firms solely on the standardised approach.</p> | |

| Template references: CR1 – A to E | |
|--|--|
| Page reference: 100-112 | |
| Comments | |
| <p>Cost-Benefit This template is more expansive than the BCBS Phase 1 version, and goes significantly further than the requirements under CRR in requesting the analysis between defaulted and non-defaulted carrying values (as requested by BCBS). As a result, this template includes excessive cuts of data for impaired / unimpaired and past due where individual columns have to be added to obtain the total value (which is required by CRR). We question whether this degree of granular information is useful, particularly on a semi-annual basis.</p> | |
| <p>Unclear Requirement Please confirm our understanding that the <i>'starting point'</i> for each period reported, whether half-year or year-end, would be the end of the previous financial year (i.e. we would report six months' movements in the half-year report and 12 months' movements in the annual report). Please confirm how to apply column m <i>'Net Values'</i>. It is not clear what the formula means (a + a1 + b + b1 - c - c1 - c2 - c3). Please clarify the term <i>'accumulated write-offs'</i> and how these figures should relate to similar write-off amounts provided in the financial statements.</p> | |

| Template references: CCR5-A | |
|---|---|
| Template: Impact of netting and collateral held on exposure values | |
| Page reference: 150 | CRR Article: 439 (e) |
| Text Requirement(s) | Comments |
| Information on the impact of netting and collateral held on the exposure value for derivatives and SFTs should be disclosed. | Cost-Benefit The Article only references derivative transactions and not securities financing transactions. This is extending the scope of the article. |
| Page reference: 150-151 | CRR Article: 439 (e) |
| Comments | |
| Netting is performed at counterparty level as opposed to transaction type level. The design of the proposed template contradicts the setting of netting agreements. | |

| Template references: CCR5-B | |
|--|--|
| Template: Composition of collateral | |
| Page reference: 152 | |
| Comments | |
| Cost-Benefit No PART EIGHT article asks for any detail on collateral <i>posted</i> or for a split of segregated/ non-segregated. This is extending the Pillar 3 (PART EIGHT of CRR) scope. | |

| Template references: CCR6-A and CCR6-B | |
|--|------------------------------|
| Template: Credit derivative exposures | |
| Page reference: 153 | CRR Article: 439 (g) and (h) |
| Comments | |
| Cost-Benefit Article 439(g) and (h) only requires the information for credit derivatives as a whole. No split between credit derivative hedges and other credit derivatives is required. | |

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|---|-------------------------|
| Template references: MR1-A | |
| Template: Measurement and capital requirements for trading book exposures | |
| Page reference: 40 | CRR Article: 445 |
| Comments | |
| <p>Unclear Requirement</p> <p>In addition to the revised templates suggested under Q7 of this response, we seek clarification over the following aspects of MR1-A:</p> <ul style="list-style-type: none"> • the guidance requires Foreign exchange risk (row 560) and Commodity risk (row 570) to be added to Equity risk (row 550), which we believe to be an error. Please confirm this to be the case. • Interest rate risk on securitisations in a subset of total interest rate risk. As such, please confirm the interest rate risk balance should exclude interest rate risk on securitisations to avoid double counting. | |

| | |
|--|-------------------------|
| Template references: MR1-B | |
| Template: Market Risk under Standardised | |
| Page reference: 154 | CRR Article: 445 |
| Comments | |
| <p>Unclear Requirement</p> <p>The capital requirements for the Delta-Plus method (cell 6-b) should be populated by only the ‘non-delta’ requirements (i.e. Gamma and Vega) as the delta capital requirement would form part of the capital requirement of the items in the ‘outright products’ section.</p> | |

| | |
|---|-----------------------------|
| Template references: CR6 and CCR4 | |
| Template: Credit Risk & Counterparty Credit Risk exposures by exposures class and PD range | |
| Comments | |
| <p>Cost-Benefit</p> <p>Requirement to disclose PD bandings by exposure class across Credit and Counterparty Credit Risk will lead to a significant increase in number of pages with questionable benefit for the end user.</p> | |
| Template references: CCR4 | |
| Page reference: 146-147 | CRR Article: 452 (e) |
| Comments | |
| <p>CCF, number of obligors and off-balance sheet exposures are not a relevant concept in calculating the CCR exposure measure hence these columns should be removed.</p> | |

Annex B – Pre-empting changes in reporting requirements

| Template references: CR1-D and CR1-E Template: Credit Risk Adjustments | |
|---|--|
| Page reference: 109-111 | CRR Article: 442 |
| <i>Text Requirement(s)</i> | <i>Comments</i> |
| Ageing of Past due and NP and Forborne exposures. | Additional detail, which given the (already) additional requirements of tables CR1-A to CR1-C is beyond a considerable increase and burden, particularly to non-IFRS reporters and ‘pre-empt’ IFRS 9 REPORTING changes. |

Annex C – Template suggestions

| Templates: All credit risk templates |
|---|
| Comments |
| <p>Templates ask for balance sheet carrying values to be disclosed. Institutions typically disclose regulatory exposure values for credit risk.</p> |

| Templates: All qualitative templates |
|--|
| Comments |
| <p>Please confirm that firms are free to provide qualitative information in free text format through the Pillar 3 document and signpost accordingly in other publications i.e. it is not necessary to follow the table format.</p> <p>In a number of instances, the EBA has made CRR requirements redundant e.g. wrong way risk policy in CCRA. Please clarify whether banks are still required to make such disclosure.</p> |

| Template references: OV1-A and OV1-B | |
|--|-------------------------|
| Template: Capital Requirements | |
| Page reference: 80-84 | CRR Article: 438 |
| Comments | |
| <p>Combining these templates would help reduce overlap and reporting burden.</p> <p>We suggest that template EU OV1-A is not needed at half-year and year-end if EU OV1-B is to be published at these times. We recommend publishing template EU OV1-A at March and September, and template EU OV1-B at June and December.</p> | |

| Template references: CCR1 | |
|---|---|
| Template: Analysis of the CCR exposure by approach | |
| Page reference: 140 | CRR Article: 439 (e),(f) and (i) |
| Comments | |
| <p>Column c PFE for row 4 IMM should be greyed out. As stated in the consultation paper, rows 5 – 7 are intended to be a breakdown of row 4, but they are not labelled as such.</p> | |

| | |
|---|-------------------------------------|
| Template references: CCR8 | |
| Template: Exposures to central counterparties | |
| Page reference: 142-143 | CRR Article: 439 (e) and (f) |
| Comments | |
| Row 10 should be removed as it is only relevant for exposures to non-QCCPs. | |

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|--|-----------------------------|
| Template references: CCR3 | |
| Template: Standardised approach – CCR exposures by regulatory portfolio and risk | |
| Page reference: 144-145 | CRR Article: 444 (e) |
| Comments | |
| <p>The proposed template is not at credit quality step level.</p> <p>Is it the EBA's view that disclosing this table, along with EU CR5, would be sufficient to comply with Article 444(e)?</p> <p>It is unclear whether exposures to specialised lending should be disclosed in this template as this is an IRB exposure class.</p> <p>Re-label 'Unrated' column as 'Of which: unrated' and place it to the right hand side of 'Total column'.</p> <p>Some irrelevant risk weight columns and exposure classes under the CCR framework should be greyed out by the EBA.</p> | |

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|---|-------------------------|
| Template references: MRB-B | |
| Template: Qualitative disclosures for institutions using the IMA approach | |
| Page reference: 157 | CRR Article: 455 |
| Comments | |
| The depth and complexity of market risk qualitative disclosures are significantly greater than that of the credit risk and counterparty credit risk. This level of information would obstruct users from identifying which disclosures are truly useful and meaningful. | |

| Template references: MR2-A | |
|--|-----------------------------|
| Template: Market risk under internal models approach | |
| Page reference: 159 | CRR Article: 455 (e) |
| Comments | |
| Introduce an additional row 'Other' to capture RWA and capital requirements under risks not in VaR ('RNIV') framework in accordance with Article 101 of the CRD. | |

| Template references: MR2-B | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Template: RWA flow statements of market risk exposures under IMA | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Page reference: 160 | CRR Article: 455 (e) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Comments | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| It is unclear why rows 1a/1b and 8a are needed. Explanatory notes should be added to clarify what constitutes 'Regulatory adjustments'. It is impractical to provide a value in row 6 'Foreign exchange movements' as the market risk metrics (e.g. VaR, SVaR etc) are calculated and aggregated in single currency. Hence we suggest the removal of this line. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| See suggested template below: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th></th> <th>a</th> <th>b</th> <th>c</th> <th>d</th> <th>e</th> <th>f</th> <th>g</th> </tr> <tr> <th></th> <th>VaR</th> <th>SVaR</th> <th>IRC</th> <th>CRM</th> <th>Other</th> <th>Total RWA</th> <th>Total capital requirements</th> </tr> </thead> <tbody> <tr> <td>1. RWA at previous quarter end</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> 1a Regulatory adjustment</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> 1b RWA at end of day previous quarter</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2. Movement in risk levels</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3. Model updates/changes</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4. Methodology and policy</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>5. Acquisitions and disposals</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>6. Foreign exchange movements</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>7. Other</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> 8a RWA at end of day previous quarter</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> 8b Regulatory adjustment</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>8. RWA at end of reporting period</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> | | a | b | c | d | e | f | g | | VaR | SVaR | IRC | CRM | Other | Total RWA | Total capital requirements | 1. RWA at previous quarter end | | | | | | | | 1a Regulatory adjustment | | | | | | | | 1b RWA at end of day previous quarter | | | | | | | | 2. Movement in risk levels | | | | | | | | 3. Model updates/changes | | | | | | | | 4. Methodology and policy | | | | | | | | 5. Acquisitions and disposals | | | | | | | | 6. Foreign exchange movements | | | | | | | | 7. Other | | | | | | | | 8a RWA at end of day previous quarter | | | | | | | | 8b Regulatory adjustment | | | | | | | | 8. RWA at end of reporting period | | | | | | | |
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| | VaR | SVaR | IRC | CRM | Other | Total RWA | Total capital requirements | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 8a RWA at end of day previous quarter | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Note, Line "7. Other" would be used as a reconciliation adjustment and would be applied after all previous movements have been taken into account. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |