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Isabelle Vaillant
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Dear Ms Vaillant

CONSULTATION ON CONNECTED CLIENTS

1. About XBRL International

XBRL International is the global standards development organisation that provides the technical framework for reporting a very wide range of regulatory reporting arrangements across the world, including the CRD IV reporting obligations of NCAs to the EBA. XBRL International is a not-for-profit organisation. We work in the public interest to enhance business performance by improving the accountability and transparency of business reporting through open data exchange standards.

In the context of financial regulation, XBRL is used to help ensure that regulatory and compliance filings are accurate, consistent and comparable, including in situations that involve large, complex, interconnected and multi-dimensional reporting. The technical specifications provided by XBRL International can be used to create a technical model of policy requirements that can then be embedded within the reporting systems of regulated firms through a large and expanding ecosystem of RegTech applications and processes.

We make no specific comments on the policy proposals set out by the consultation paper, but are keen to underline the importance of managing the quality and consistency of the Connected Clients reporting in so far as it relates to *identity* and the use of the LEI.

2. Importance of identity

We are aware that much of the purpose of the EBA in clarifying and expanding the Connected Clients guidelines is aimed at improving risk management practices within regulated banks. That said, importantly, supervisors themselves are in a unique position to understand concentrations of risk across the banking system and the Connected Clients guidelines provide new capabilities, through improved data, in this respect. Through the LEI

it will eventually be possible for authorised supervisors and relevant authorised regulatory staff to look across the returns of multiple banks in order to better understand the concentrations of risk that exist within specific counterparties and amongst connected clients.

However, for this expanded framework to function it is important that the Connected Clients reporting arrangements continue and expand the use of the LEI within the Large Exposures framework, specifically COREP template C27.00, column 30 – LEI, and related templates, specifically C29.00.

Of course, today there are a range of situations in which the LEI cannot be provided by reporting institutions. This is why, for practical reasons, the Key Values for Large Exposure identification and for Group identification (C29.00 020) are codes that are unique to the reporting bank. This needs to change over time.

Until (a) LEI issuance can be expanded and (b) bank systems are upgraded to make much greater use of the LEI, the extent to which supervisors can look across organizational, risk and geographical boundaries will necessarily be limited. All participants within the Finance system need to accept that resolving these issues and making ubiquitous open identifiers a key part of financial system safety is beneficial. Equally, all participants need to be aware and agree that this is a process that will take a number of years, but that nevertheless is a vital effort.

3. Expansion of the application of the LEI

For this reasons we are of the view that the EBA should actively encourage NCAs and regulated banks to make the LEI the ubiquitous identifier across the banking sector in order to help ensure that a range of supervisory analysis can be enhanced. This includes, but is not limited to:

- large exposure analysis,
- enhanced geographic large exposure analysis,
- systemic risk concentration analysis, and
- connected client and cross-lender connected client analysis

which all need to work seamlessly.

In practical terms, this means that above and beyond the guidance provided by the EBA for Connected Client risk concentrations, it should:

- A. Work through NCAs, the EC, the FSB and ROC to encourage the GLEIF to accelerate the expansion of the LEI system to cover, at least:
 - a. government operating nodes including departments and semi-autonomous (if not legally independent) agencies; and
 - b. Non-financial legal entities that are, or could represent, material credit exposures.
- B. Actively work with NCAs and the banking sector more broadly to ensure that the LEI becomes the unique identifier utilized within the operational systems of regulated financial institutions.

The Authority should be clear that these are real, if long-term goals.

4. Consistency in Identity Application

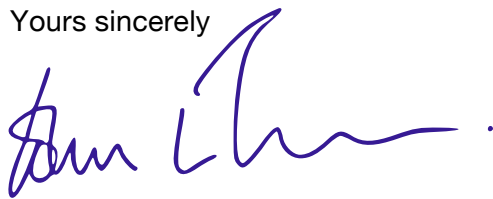
You may also be aware that XBRL International has a joint working group with the GLEIF that will set out a series of recommendations, and eventually, additional technical constraints, aimed at ensuring that:

- (a) wherever possible, XBRL documents use the LEI as a primary or secondary identifier; and
- (b) that the use of the LEI is consistent within XBRL taxonomies around the world.

We encourage the EBA to take note of these technical recommendations and apply them as soon as practicable.

We welcome input into this process and equally thank you for the opportunity to comment on the Connected Client consultation paper.

Yours sincerely



John Turner
CEO