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## **EBA CP 2013/41 on disclosure of leverage ratio – FBF final draft response**

The FBF welcomes the opportunity to share its view on the EBA consultation paper relative to a draft ITS for the disclosure of the leverage ratio under article 451(2) of CRR.

Leverage ratio is a new measure included in the Basel III standards, transposed in the Capital Requirement Regulation in EU, and is currently reviewed by the Basel Committee. From 2013 on and up to 2017 it will be monitored with a view for a possible migration to pillar 1 on 1<sup>st</sup> January 2018. When responding to the BCBS consultation, the FBF has expressed its support for a risk based ratio and believe that a non-risk-based leverage ratio could be useful as a pillar 2 backstop measure complementary to the solvency ratio.

The BCBS is still reviewing the definition of this new ratio, and a monitoring period will be going on from 1<sup>st</sup> January 2014. Therefore we think it is inappropriate to disclose such a detailed level of information to the market. **Should a disclosure be required anyway we ask the EBA to limit the disclosures to LRSum template, completed with Tier 1 and ratio data, and this should apply at the consolidated level only. Regarding the frequency of disclosure, we think it would be appropriate to provide the date in the registration document, on a yearly basis.**

### **Q01: Are the provisions included in these draft ITS sufficiently clear? Are there aspects which need to be elaborated further?**

The provisions in these RTS are clear but questionable. We understand the necessity of reporting sufficient data to the regulator and supervisor, in order to properly calibrate the leverage ratio during the monitoring period phase, but we are opposed to the disclosure of an excessive amount of data regarding the leverage ratio calculation.

As leverage ratio is not expected to be a binding measure and the BCBS has not yet decided whether it is going to be a pillar 1 measure or not, we think that the required data are overly demanding. For instance the "LRQua" template is seen as too intrusive (together with disclosing data related to encumbered assets or maturity mismatches). We don't understand why the market should be aware of such granular information relative to leverage ratios of institutions.

From a general point of view we think it is unjustified to publicly disclose such a level of detailed information as for the monitoring period, especially at a time where there are still discussions in Basel regarding the definition of denominator of leverage ratio. We think that so detailed information highlight the leverage ratio to the detriment of the risk based ratio. **Consequently, we would like the disclosures to be limited to LRSum template, completed with Tier 1 and ratio data. In all cases, it is important to re-use the data already provided for reporting purposes.**

**Moreover, any disclosures should be required at the consolidated level only**, consistently with the approach which considers this ratio as a backstop and its calculation on a consolidated basis.

Again if a disclosure will be required, we believe it should not be aligned with reporting periods. Thus, the frequency of disclosure **should not be more than yearly**, and the location of publication would be at the discretion of the institution. **We think it would be appropriate to provide the data into the registration document.**

**Q02: Are the instructions provided in Annex II on the balance sheet reconciliation of LRSum sufficiently clear? Should the instructions for some rows be clarified? Which ones in particular? Are some rows missing?**

The proposals are clear but we as we explained in Q1 we think these provisions are too granular, so we don't support them.

**Q03: Are the instructions provided in Annex II on the breakdown of leverage ratio exposure of LRCom and LRSpl sufficiently clear? Should the instructions for some rows be clarified? Which ones in particular? Are some rows missing?**

The proposals are clear but as we explained in Q1 we think these provisions are too granular, therefore we don't support them.

**Q04: Our analysis shows no significant impacts incremental to those caused by the provisions in the CRR and CRDIV are likely to materialise. Do you agree with our assessment? If not please explain why and provide estimates of such impacts whenever possible.**

If any disclosure will mainly be based on our reporting data, we agree with the fact that there will be no massive additional costs for setting up this new requirement. In the contrary we do not agree with your conclusion that no significant impacts will be induced.