European Banking Authority
Floor 46
One Canada Square
Canary Wharf
London E14 5AA

February 9, 2015

EBA/CP/2014/45

Dear Sir or Madam,

We appreciate the opportunity to provide input to the referenced consultation paper EBA/CP/2014/45 dated 16 December 2014 on draft Implementing Technical Standards (ITS) amending the Commission's Implementing Regulation (EU) No. 680/2014 dated 16 April 2014 (so-called ITS on supervisory reporting) with regards to the Liquidity Coverage Ratio (LCR).

The Association of Foreign Banks in Germany represents the interests of currently more than 200 foreign banks and other financial services institutions mostly operating via subsidiary or branch in Germany.

In general, our Association supports the harmonisation of financial sector regulations within the European Union. From our members' perspective, the uniform reporting requirements constituted so far by the Commission Implementing Regulation (EU) No 680/2014 are a valuable advantage. Before this background, we have no objections to the disclosure of our comments.

We hope to give fruitful input for the further development of the reporting of key figures for the assessment and the calculation of the LCR.

Question 1: *The EBA deems it appropriate to keep the remittance dates unchanged in a steady state regime. While the content of the templates is changed, the objective of the supervisory reporting keeps unchanged and the present ITS constitutes only an update of the current existing reporting requirements for the LCR. This means that, once the current ITS is adopted, and after a transition phase, credit institutions would have to remit the monthly reports on each following 15th calendar day as this will be the case*

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starting 1 January 2015 under the existing ITS on reporting for the LCR. Nevertheless, the EBA deems it appropriate to introduce longer remittance dates for the first reference dates during the first months, to be limited to a period of six months. ***Do respondents have arguments to put forward a change on these aspects?***

With the beginning of the application of the Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 concerning the LCR on 1 October 2015, a great number of changes with regards to the liquidity management and reporting process has to be implemented by the supervised entities. Bearing in mind the relatively late publication of the Commission Delegated Regulation in the EU Official Journal, the credit institutions face a challenge to adapt their liquidity management and reporting process to the new requirements until 1 October 2015. Furthermore, the still pending adoption of the ITS on additional liquidity monitoring metrics by the European Commission impede the credit institutions' efforts to plan their future compliance to the designated liquidity requirements.

In general, we acknowledge EBA's plan to introduce longer remittance dates for the first reference dates during the first months. Bearing in mind the aforementioned facts about the difficult implementation measures to be taken by the credit institutions, a limitation of this period to six months might not be sufficient. We therefore propose a longer implementation period (cf. question 3).

Question 2: Do respondents agree with longer remittance dates for the first reference dates for the new templates for the first six months?

The possibility to submit the liquidity reports during a transition phase for the first reference dates with a remittance period of 30 instead of 15 days shall indeed be useful for the reporting entities in order to promote a better reporting quality during the first submissions.

Question 3: Do respondents agree with the implementation period suggested?

From our point of view, the envisaged six months transition phase for the application of the before mentioned longer remittance dated might not be sufficient to allow all reporting entities a successful implementation of the new reporting and liquidity management requirements. Although there is an already existing experience in reporting LCR under the current provisions, the aforementioned facts about the various difficulties concerning the liquidity regulations (cf. question 1), we propose a **transition phase of 12 months**.

Question 4: Do respondents agree to the structure and content of the proposed new LCR templates added for credit institutions? *Particularly comments from respondents on specific rows, columns or any other item would be very valuable and appreciated including comments on the treatment of secured transactions.*

It might be helpful for the implementation of the new liquidity reporting requirements that the templates of the new Annex XXIV keep the overall structure of the so far applicable Annex XII.

Bearing in mind the already mentioned difficulties accompanying the implementation of the new liquidity reporting requirements (cf. question 1), any implementation measures carried out by the credit institutions will be further burdened if the reporting templates are expanded with items that shall be reported although they may not be directly necessary for the LCR calculation (so-called "Memorandum"). The Memorandum involves the following rows in the LCR-templates:

- rows 480 - 610 in template C 72.00 – Liquidity Coverage – Liquid Assets
- rows 1140 - 1390 in template C 73.00 – Liquidity Coverage – Outflows
- rows 440 - 520 in template C 74.00 – Liquidity Coverage – Inflows
- rows 740 - 760 in template C 74.00 – Liquidity Coverage – Collateral Swaps

We understand that there might be a necessity for the supervisors to gain this additional information and that the Memorandum items might therefore be considered as appropriate for supervisory purposes. Otherwise, it is from our point of view quite ambitious to add further reporting requirements before the background of the nonetheless difficult challenge to implement the revised reporting following the Commission Delegated Regulation (EU) 2015/61.

We therefore propose to introduce the Memorandum as a mandatory reporting requirement to the Commission Implementing Regulation (EU) No 680/2014 **after** the end of the transition period of **twelve months**, as set out in our comment to question 3.

We hope that our comments and recommendations will be useful for you. In case of further queries, we will gladly answer any questions that you may have.

Kind regards

Markus Erb Andreas Kastl