# **EMF-ECBC response to the EBA Consultation on the draft Regulatory Technical Standards (RTS) on the allocation of off-balance sheet exposures under the standardised approach of credit risk and UCC considerations under Article 111(8) of the CRR3**

The EMF-ECBC welcomes the opportunity to comment on the draft Regulatory Technical Standards (RTS) on the allocation of off-balance sheet exposures under the standardised approach of credit risk and UCC considerations under Article 111(8) of the CRR3.

Specifically, we would like to comment on the EBA’s understanding, as expressed in points 16 and 17 of the consultation paper, that there should be an allocation in bucket 1 to contractual arrangements both accepted and not yet accepted by the client. This would mean that all mortgage loan offers should be assigned to bucket 1 with a CCF of 100%.

However, we would like to underline that mortgage loan offers (both accepted and not yet accepted by the client (CRR article 111(4)) should be treated as “Commitments” according to the definition in Article 5(10)[[1]](#footnote-2) CRR. “Commitments” are clearly defined in the CRR3 and are already included in Annex 1 in CRR3 where they are assigned to bucket 3 (CCF of 40%) unless they qualify as UCCs and are therefore assigned to bucket 5, or represent specific commitments specified in buckets 1, 2 and 4. According to the mandate in Art 111 (8)(a), EBA shall specify criteria to assign off balance sheet items to buckets with the exception of items already included in Annex 1 in CRR3.

In our view, the rules in CRR3 are clear on this point and any further regulation from the EBA regarding mortgage loan offers would go beyond the mandate provided in relation to off balance sheet exposures.

1. Article 5(9) of the Commission proposal from 2021, which became Article 5(10) in the text agreed on during the last European Parliament Plenary. [↑](#footnote-ref-2)