EUROPEAN CENTRAL BANK
BANKING SUPERVISION

Template for comments

ECB Guide to the internal liquidity adequacy assessment process (ILAAP)

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General comments

See detailed comments

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Please enter all your feedback in this list.
When entering feedback, please make sure that:
- **each comment deals with a single issue only;**
- **you indicate the relevant article/chapter/paragraph, where appropriate;**
- **you indicate whether your comment is a proposed amendment, clarification or deletion.**

Deadline:	4 May 2018

ID	Chapter	Paragraph	Page	Type of comment	Detailed comment	Concise statement as to why your comment should be taken on board	Name of commenter	Personal data
1	Principle 3	44	15	Clarification	The liquidity plan in the normative perspective should not have to cover at least three years. As with the information on the funding plan and the economic perspective (para. 39), a planning horizon of one year for the LCR should also be sufficient under the normative planning. Originally, the consultation on the EBA Guidelines on funding plans also provided for a three-year forecast of the LCR. However, all the stakeholders, in particular the EBA Stakeholder Group, did not consider this appropriate for the LCR, as a short-term indicator with a regulatory horizon of thirty days cannot be reliably planned for a period of three years. For this reason, the final guideline only required planning for one year.	Avoidance of unreliable planning	van der Donck, Jeroen	Publish

2	Principle 6	73-75	24-25	Amendment	The ILAAP Guide emphasises the principle of proportionality in the context of the independent validation function. With regard to the proportionate design of the independent validation, according to para. 73, the materiality and complexity of the risks and methods are decisive. Thus, in Example 6.1 too, the organisational implementation is required according to nature, size, scale and complexity of the risks. Accordingly, for Pillar 2 models, it should be possible to differentiate the independent validation according to the nature of the risk and its significance for the bank (i.e. the organisational forms described in Example 6.1 may vary depending on the materiality and complexity of the type of risk in a credit institution). However, according to ILAAP guide, the TRIM Guide also has to be taken into account here. However, the TRIM is aimed at enhancing the credibility and confirming the adequacy and appropriateness of approved Pillar 1 internal models. Therefore any reference to the TRIM guide in the context of (the validation of) ILAAP is deemed less appropriate. In our view, an institution should be able to choose different forms of separation of model development and validation, depending on the significance of individual models.	Ensures the principle of proportionality with regard to validations.	van der Donck, Jeroen	Publish
3	Principle 6	73-75	24-25	Amendment	It does not make sense to have an undifferentiated connection between the design of the validation function and the size of an institution. In this respect, the reference to TRIM in Example 6.1. is not appropriate, as this, for example, rules out a proportionate design of the validation organisation solely on the basis of the G-SII or O-SII status and irrespective of the materiality and complexity of individual risk types. By contrast, according to para. 11, the ILAAP Guide is addressed exclusively to credit institutions that are significant supervised entities within the meaning of Article 2(16) of the SSM Framework Regulation. The reference to the TRIM Guide thus contradicts the proportionality emphasised in the ILAAP Guide. The reference to TRIM should therefore be deleted (particularly as a review of the requirements has already been announced in footnote 13 of the TRIM Guide).	Ensures the principle of proportionality with regard to validations.	van der Donck, Jeroen	Publish
4							van der Donck, Jeroen	Publish
5							van der Donck, Jeroen	Publish
6							van der Donck, Jeroen	Publish
7							van der Donck, Jeroen	Publish