



**EUROPEAN CENTRAL BANK**  
**BANKING SUPERVISION**

## Template for comments

Public consultation on the draft ECB Regulation on the definition of the materiality threshold for credit obligations past due pursuant to Commission Delegated Regulation (EU) 2018/171

**Institution/Company**

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**General comments**

## Template for comments

### Public consultation on the draft ECB Regulation on the definition of the materiality threshold for credit obligations past due pursuant to Commission Delegated Regulation (EU) 2018/171

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 whether your comment is a proposed amendment, clarification or deletion.

**Deadline:** 17 August 2018

ID	Type of comment	Detailed comment	Concise statement as to why your comment should be taken on board	Name of commenter	Personal data
1	Clarification	<p>In Article 4 of the regulation it is stated that "it shall apply from 31 December 2020".</p> <p>The ECB repeatedly stated, last time in their letter of June 26, 2018, regarding the launch of the process for the implementation of the new definition of default, that institutions shall "finalize the effective implementation of the revised IRBA framework by the end of 2020, as required by the EBA." The envisaged approach, called "Two-Step Approach" proposes two sequential steps:</p> <ol style="list-style-type: none"><li>1. the implementation of the new definition of default;</li><li>2. the adjustments to risk parameters to take into account the new definition of default and other necessary.</li></ol> <p>The implementation of the new materiality thresholds is part of step 1. As already acknowledged by the ECB, for step 2, the institutions have to start building historical data based on the new default definition and use it for adjusting their rating systems and risk parameters.</p>	<p>In this regard, we would like to stress that if the Regulation applies from 31 December 2020 there would be no time left to gather data based on the new default definition for step 2. Therefore, we would ask the ECB to clarify whether there will be time after 31.12.2020 to fulfil step 2.</p>	Rudorfer, Franz	Publish