



**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**

French Banking Federation (FBF)

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Please tick here if you do not wish your personal data to be published.

**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	The legal framework in some countries may forbid the transfer of specific information on borrower's default status even between separate legal entities belonging to the same banking group within the same country (see for instance corresponding requirements from the "Commission Nationale Informatique et Libertés", CNIL, in France). Any consideration around contagion or the definition of consolidated exposure should then take any such legal impediments into account.	Legal restrictions linked to confidentiality could prevent the possibility to consolidate the defaults between different legal entities of an institution.	, French Banking Federation	Publish
2	Clarification	The rules for the calculation of the days past due and the materiality threshold at the consolidated level would be complex to define and implement. In a word, the added value of this approach would be low.	The application of this pulling effect approach would be operationally very expensive.	, French Banking Federation	Publish

	3 Amendment	<p>Due to accounting laws or local requirements, banks will probably have to put into default at lower materiality threshold than the levels chosen by the ECB. We understand that these special cases can be taken into account through the trigger of an UTP criteria. This will induce a burdensome monitoring of exposures with two triggers (UTP and day-past-due) while the only real trigger is a day-past-due trigger. We think it will introduce a bias in the monitoring making it less transparent. Unintended consequences will happen on other prudential matters such as for instance : biased application of the future pillar I NPL prudential backstop, which is more favourable in its conceptual design for UTP exposures. The best solution is therefore to allow the use of the day-past-due trigger with lower materiality threshold.</p> <p>Therefore, we suggest to amend Article 1 with this wording "For the purpose of Article 178(2)(d) of Regulation (EU) No 575/2013, credit institutions shall assess the materiality of a credit obligation past due against the following threshold, which comprises two components :</p> <p>(a) a limit in terms of the sum of all amounts past due owed by the obligor to the credit institution, the parent undertaking of that credit institution or any of its subsidiaries (hereinafter the 'credit obligation past due'), equal:</p> <p>(i) for retail exposures, to EUR 100;</p> <p>(ii) for exposures other than retail exposures, to EUR 500; and</p> <p>(b) a limit in terms of the amount of the credit obligation past due in relation to the total amount of all on-balance sheet exposures to that obligor for the credit institution, the parent undertaking or any of its subsidiaries, excluding equity exposures, equal to 1%.</p> <p>By way of exception, lower materiality threshold could be used in order to respect accounting / local standards, when still using a day-past-due trigger"</p>	<p>We would like to promote better alignment with accounting / local standards and transparent monitoring of the definition of default with a homogeneous use of default triggers.</p>	<p>, French Banking Federation</p>	<p>Publish</p>
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