



Template for comments

ECB Guide on financial conglomerate reporting of significant risk concentrations and intragroup transactions

Institution/Company

Bank of Ireland Group

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General comments

1) Can ECB confirm the manner of submission - is it XBRL using the taxonomy published by EOIPA ?

Template for comments

ECB Guide on financial conglomerate reporting of significant risk concentrations and intragroup transactions

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: 06-Oct-23

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
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1	Types of transaction and risk to be reported	2.1	6	Amendment	<p>Regarding the scope of reporting for Intragroup The definition of in-scope transactions is given as two cohorts:</p> <p>i. intragroup transactions between regulated entities belonging to different financial sectors – this is a welcome proposal in its own right as it appears to de-scope transactions within same sector</p> <p>ii. intragroup transactions between a regulated entity of the group and any natural or legal persons which are not regulated entities “linked to the undertakings within that group by close links”</p> <p>On a stand-alone reading the second cohort (ii) could be read in two ways : (1) is it Narrow definition (close link entities that are (a)not part of the group and (b)are not regulated) or (2) Broad Definition (basically any entity that is not a regulated entity) as further explained below</p> <p>Question regarding second cohort reportable intragroup transactions: “intragroup transactions between a regulated entity of the group and any natural or legal persons which are not regulated entities “linked to the undertakings within that group by close links”</p> <p>o The text in quotes appears to be from FiCo Directive Article 2(18) definition of intra-group transactions which describes two cohorts namely:</p> <ul style="list-style-type: none"> - other undertakings within the same group - any natural or legal person linked to the undertakings within that group by close links,” <p>- so in practice one would typically expect that there could be many transactions in the first cohort of entities in the group and probably not so many transactions with entities that are not in the group but have which have close links. However the ECB description “ ... any natural or legal persons which are not regulated entities ‘linked to the undertakings within that group by close links”” could be read in two ways: (1)Narrow Definition -Under this interpretation, the reportable population</p>	The definition of intragroup transactions as regards he second cohort (close links) could be read in two ways and would benefit from amendment to clarify		Don't publish
2	Types of transaction and risk to be reported	2.1	6	Clarification	<p>For Risk Concentration the guidance document lists the following risk concentrations as reportable (i) counterparty (ii) country (iii) sectoral (iv) currency, which are templates F.05-F.07 in the regulation. Cn the ECB clarify whether or not the fourth risk concentration template F.08 Asset Class and rating is required?</p>	The guidance notes leave open to interpretation as to whether asset class and rating templates are in/out of scope.		Don't publish

3	Requirements regarding risk concentrations	2.4	8	Amendment	Should reference to "template" be column?	Appears to be a typo.		Don't publish
4	Requirements regarding risk concentrations	2.4	8	Amendment	Should the reference FC0205 be FC0250?	Appears to be a typo.		Don't publish
5	Requirements regarding risk concentrations	2.4	8	Clarification	<p>The guidance includes a scenario of where risk is "mainly borne" by policy holders (presumed when protection is not more than 10%).</p> <p>However, there may be other scenarios:</p> <p>(a) where the risk is "fully borne" by the policy holders - in that case can a 0.0 multiplying factor be applied ?</p> <p>(b) where the risk is "partially borne" (X which is <90%) by the policy holders - in that case can a (1-x) multiplying factor be applied.</p> <p>Or is it the case that "fully borne" must still be treated and "mainly borne" and "partially borne" is not recognised at all.</p>	Clarification requested as the guidance does not address other scenarios that may arise, thus it is unclear how to report those scenarios.		Don't publish
6	Thresholds for reporting intragroup transactions	2.5	9	Amendment	<p>The suggested measurement for derivatives is nominal amount. Nominal amounts on derivatives are often quite large but are not comparable to an equivalent on-BS amount and thus may suggest greater significance than warranted.</p> <p>Wouldn't accounting market value be more representative for this purpose?</p>	Metric suggested does not represent the significance of the transaction.		Don't publish
7	Thresholds for reporting intragroup transactions	2.5	9	Clarification	The suggested measurement for insurance/reinsurance is "sum of transactions". What is mean by that – is it the amount insured?	Clarification of terminology requested.		Don't publish

8	Thresholds for reporting intragroup transactions	2.5	9	Clarification	<p>Regarding the operation of the 5% P&L metric how does that work in practice.</p> <p>- what is the "value of the transaction .. on the same reference date" - Is it the amount included in the P&L for the same time period.</p> <p>For example: for conglomerates reporting on a semi annual basis say transaction X has a gain (or loss) of 6m for six months to June compared to income for six months of 100 is it therefore reportable in June? But say due to market movements, for the same transaction X say it has a gain (or loss) of 4m for the six months to December compared to income for those six months of 100 so is it therefore not reportable for December.</p> <p>Can ECB clarify (with numerical example if possible) how this metric for identifying significant transactions should be operated.</p>	Clarification requested as the practical application of the metric would benefit from further elaboration.	Don't publish
9	Thresholds for reporting intragroup transactions	2.5	9	Deletion	<p>A new and more onerous requirement has been introduced requiring reporting of IG transactions with an entity when the sum of all transactions exceeds the 5% or EUR300m thresholds.</p> <p>The legislative definition of significant transactions already has a concept of combining transactions that are part of a Single Economic Operation. The extension of the requirement goes far beyond that and loses focus on significant transactions.</p> <p>It is also unclear in the context of the requirement to report the maximum exposure (per chapter 2.1) as to how that would be applied in this case ie: is the maximum based on the total daily sum or could each transaction have its maximum on a different day .</p> <p>The supervisory imperative for the extension of scope is not apparent and there is other reporting (eg: quarterly large exposures) which look at total counterparties including intragroup exposures.</p> <p>We would request ECB to consider the removal of this scope extension.</p>	The extension of the requirement brings otherwise insignificant transactions into scope whereas the legislation had already addressed this through the single economic operation concept.	Don't publish

10	Types of transaction and risk to be reported	2.1	6	Clarification	Regarding the sentence "In addition, the amount reported as intragroup transactions, should be the maximum amount registered during the reporting period." Is the phrase "registered" intended to mean anything more specific than recorded or measured in accordance with product instructions as per chapter 2.5?	Clarification of terminology requested.		Don't publish
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