



Template for comments

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

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General comments

The EBF response is a summary of the most relevant issues raised in discussions with EBF members, and is intended to compliment individual response from the EBF members by emphasising several general messages. Following the entry into force of the "RC-IGT reporting ITS" (Regulation (EU) 2022/2454) in mid-December 2022, the ECB has decided to publish additional general policy guidance on the reporting. As this draft Guide has been published in a context where the first reporting date is fast approaching and where extensive implementation projects are close to completion, with implementation scenarios established on the basis of the existing ITS requirements and the existing regulations, we raise a number of questions about some fundamental aspects of the expectations set out in the Guide.

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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: [last date for providing comment]

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	Thresholds for reporting intragroup transactions		9		<p>The Single Economic Operation vision seems to be completely mitigated as the Guide expects a global calculation by nature of transactions following the structure of the IGT templates, which seems to contradict Article 2(5) of Regulation 2015/2303 according to which: "Transactions that are executed as part of a single economic operation shall be aggregated for the purpose of calculating the thresholds pursuant to Article 8(2) of Directive 2002/87/EC." Following the entry into force of Regulation 2015/2303 (RTS on IGT-RC), groups are explicitly required to aggregate the transactions which are part of a Single Economic Operation and to explain how they interpret the notion of SEO through a procedure i.e., Article 2 (5) Regulation 2015/2303: "Transactions that are executed as part of a single economic operation shall be aggregated for the purpose of calculating the thresholds pursuant to Article 8(2) of Directive 2002/87/EC."). Banks now need to understand how to combine these new expectations with the existing binding regulation which foresees a threshold calculation based on the SEOs.</p>	<p>As well as being questionable from the supervisory perspective, the proposed requirement is also not operationally feasible in due to the very short time for implementation until the first reporting date.</p>	Saravia, Francisco	Publish

	2 Thresholds for reporting intragroup transactions		9	<p>The new of proposed threshold levels are expressed as absolute values which appear to be unreasonably low, by a ratio of 15 to one, compared to the current situation and do not embed any proportionality principles. We are aware that financial Conglomerates are questioning the relevance of the new threshold of €300m which does not appear in any former regulation (neither the FICOD nor the ITS and the RTS on IGT-RC or the current reporting instructions). Indeed, Article 8(2) of the FICOD states that: “[...] an intra-group transaction shall be presumed to be significant if its amount exceeds at least 5 % of the total amount of capital adequacy requirements at the level of a financial conglomerate.” And Article 2(5) of the RTS on IGT-RC on significant intra-group transactions refers to the same FICOD article. The EBF asks the ECB to preserve the current methodology by maintaining a threshold expressed in a percentage of the total amount of capital adequacy requirements as it is set by Article 8(2) FICOD and by the ITS on RC-IGT.</p>	<p>Our suggestion will ensure the approach is aligned with the relevant applicable regulation as well as the principle of proportionality.</p>	Saravia, Francisco	Publish
	3 Thresholds for reporting intragroup transactions		9	<p>The basis for calculating the threshold for derivatives is modified in the Guide as the carrying amount has been replaced by the nominal value of the derivatives (i.e., the notional amounts). According to the Off Balance-Sheet definition given by Annex V of FINREP based on Annex I of CRR, the notional amount of derivatives is not considered and listed as an off balance-sheet item. The figure is not reported on the financial statements but only provided in the Annexes. It represents merely an indication of the institution’s volume of activity on markets in financial instruments and does not reflect market risks attached to them. In this sense, the basis for calculating the threshold for derivatives should be kept as described within ITS based on the current binding methodology i.e., the carrying amount.</p>	<p>The EBF interprets that the nominal value is not, under FICOD and the ITS, a relevant regulatory metric to evaluate the necessity to report these transactions. This change of methodology will also have a significant impact in terms of implementation, raising proportionality issues.</p>	Saravia, Francisco	Publish