

Template for comments

Consultation on the draft ECB guide on materiality assessment (EGMA)

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General comments

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Please enter all your feedback in this list.

When entering your feedback, please make sure:

- that each comment only deals with a single issue;
- to indicate the relevant article/chapter/paragraph, where appropriate;
- to indicate whether your comment is a proposed amendment, clarification or deletion.

Deadline: 14 February 2016

ID	Chapter	Paragraph	Page	Type of comment	Detailed comment	Concise statement why your comment should be taken on board	Name of commenter	Personal data
1	1 - Intro	1	1	Clarification	ING welcomes the opportunity to provide input to this consultation. We strongly support the work of the ECB to strengthen and align risk models and maintain risk sensitivity in models.		Polder, Jaap	Publish
2	1 - Intro	1	4	Clarification	<p>This is a general concern of ING.</p> <p>ING has concerns that the investigations, triggered by extensions and changes that are classified "need to be investigated", could have a relatively high process time. ING considers it important to be able to quickly update its risk models (used for Pillar 1 capital reporting). The latter is e.g. required due to changing market circumstances and the aim to avoid an IT backlog for implementing model changes. IT backlogs have the potential to disrupt IT version management (especially for institutions that have implemented an "agile" way of working for IT releases, as this way of working involves many IT releases).</p> <p>ING would welcome initiatives from the ECB to additionally improve to the model approval process, when these improvements reduce the process time of model extensions and changes.</p>	The proposal, when accepted, will reduce the implementation time of changes and extensions to risk models that are used for Pillar 1 capital reporting.	Polder, Jaap	Publish
3	Section - 1	1	18	Clarification	<p>Could you please clarify/state that model maintenance is out of the scope of the EGMA? Based on previous ECB interactions with the industry we understood that excluding model maintenance from the EGMA scope is ECB's intention.</p> <p>Please note that a large part of the improvements made to the IMM are part of an institutions day-to-day model maintenance. Examples of day-to-day maintenance are the addition of an equity risk factor (e.g. Facebook) to an approved equity risk driver model (e.g. due to an initial public offering). In our opinion these type of improvements should not be considered a model extension or change and should therefore not be covered by the EGMA.</p> <p>In addition, please note that the "RTS on IMA" refers to day-to-day maintenance as can be found below. Therefore, our proposal would make the EGMA more in line with the "RTS on IMA".</p> <p>Page 2 of the "RTS on IMA" (7) The permission of competent authorities relates to the methods, processes, controls, data collection and IT systems of the approaches, therefore ongoing alignment of the models to the calculation data-set used, correction of errors or minor adjustments necessary for the day-to-day maintenance of the internal approaches, which occur in the strict limit of the already approved methods, processes, controls, data collection and IT systems, should not be covered by this Regulation.</p> <p>In case our proposal is accepted, we would appreciate some guidance, e.g. with some examples, on what ECB considers a model change and day-to-day model maintenance.</p>	This clarification prevents that the EGMA results in an unnecessary burden for both the institutions and the supervisor by applying the EGMA to minor model improvements, i.e. model maintenance, which in our view are part of the obtained model approval (and therefore don't require an additional approval).	Polder, Jaap	Publish
4							Polder, Jaap	Publish
5							Polder, Jaap	Publish