



Template for comments

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

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General comments

A number of the main European financial conglomerates are led by cooperative banks, policy development in this area is therefore of high importance for EACB members.

Our members see that the approach proposed in the consultation on the draft Guide fundamentally revises the basic principles of the established ITS on supervisory reporting of risk concentrations and intra-group transactions (ITS on RC-IGT), particularly when it comes to the IGT threshold calculation.

As the implementation scenarios have been built over an intense process on the basis of the requirements set out in the ITS, the other existing regulatory products (FICOD, RTS on IGT-RC) and the exchanges with respective JSTs, the timeline for conglomerates to comply with the new expectations appears too short.

We question the sudden change of methodology on key concepts of the report and the legal effects of the Guide as many principles do not appear to stem from existing regulatory requirements.

The new level of thresholds proposed, which are expressed on absolute values, appears to be very low compared to the current situation (ratio of 15 to one) and do not duly embed the proportionality principle.

The appreciation of the significant transactions through the prism of the notion of Single Economic Operation is also completely reviewed.

In addition, the basis used for the calculation of these thresholds seems to be inconsistent with the supervisory objectives pursued at the level of the Financial Conglomerates.

We believe a more balanced perspective is necessary, to take into consideration the proportionality principle with a report outlining the most significant operations that would be useful from a supervisory standpoint, without creating an additional overflow of information.

Finally, we believe that at least for the first reporting cycle institutions should be allowed to report on a best effort basis.

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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	General expectations			Clarification	<p>The ECB Draft Guide remains silent as to several important practical questions with regard to the future Financial Conglomerates (FiCo)-Reporting:</p> <ul style="list-style-type: none"> - frequency of the FiCo Reporting, - the due date for the first reporting as of Dec. 31. 2023 - the expected starting date of IGT-Monitoring in 2023 - the format of delivery requested (XBRL, Excel?) - platform for delivery of reporting (Casper? On gate?) <p>We believe these elements should be clarified in the Guide to ensure a smooth implementation.</p>	A .csv format would be more suitable in regards of the volume of transactions to be reported	Mancino, Marco	Publish
2	Requirements regarding risk concentrations	2	8	Deletion	<p>The concept of groups of connected clients is mentioned for the first time for financial conglomerates' reporting. It would in fact need to be implemented for Insurance RC as well, otherwise monitoring of 25% financial conglomerates own funds may not be done consistently (if the entities of the banking group report Exposures on the basis of groups of connected clients whereas the entities of the insurance sector report exposures for single name debtors). In order not to impose new regulatory requirements for insurance groups, FC06 should report exclusively exposures to individual clients.</p>	The Guide states that it does not establish new regulatory requirements. However, the introduction of the concept of groups of connected clients in this area imposes a new regulatory requirement for insurance groups and does not appear in line Art. 1 (2) of the delegated Regulation 2022/2454 (FiCo ITS) which provides for consistency of the reported FiCo data and the reported sectoral data and should therefore be deleted.	Mancino, Marco	Publish

3	Requirements regarding risk concentrations	2	8	Deletion	<p>The ITS does not state a monitoring requirement of significant risk concentrations but the introduction of an upper limit of exposures that exceed 25% of the own funds of the financial conglomerate introduces a partial monitoring requirement.</p> <p>Although the Limit is quite high, it requires additional monitoring activities at the conglomerate level and in addition for groups of connected clients.</p>	As indicated above, while the Guide states that it does not establish new regulatory requirements, this expectation amounts to a new one in practice.	Mancino, Marco	Publish
4	Thresholds for reporting significant risk concentrations	1	7	Clarification	<p>It should be clarified whether the threshold of the lower of € 300mn and 10% of FiCo Own Funds apply to the Templates FC.07 and FC.08 as well, i.e. only significant Risk concentrations have to be reported.</p>	This would be in line with Art. 3 Par. 5 of Del. Regulation (EU) 2015/2303 which specifies minimum requirements for breakdowns of significant risk concentrations.	Mancino, Marco	Publish
5	Thresholds for reporting intragroup transactions	1	9	Amendment	<p>For derivatives, the draft Guide refers to the case where "the sum of the nominal values of the derivatives equals or exceeds the lower of 5% of the total amount of capital adequacy requirements of the financial conglomerate or €300 million."</p> <p>For derivatives, the ITS establishes instead that "Significant intra-group transactions related to derivatives shall be reported where the carrying amount of the derivative exceeds the threshold."</p>	The amount of derivatives should not be based on nominal value. The approach pursued does not seem in line with the regulatory requirements.	Mancino, Marco	Publish

	6 Thresholds for reporting intragroup transactions	1	9	Amendment Extract from the Guide "Whenever this amount is equal or above the following thresholds: (i) For equity-type transactions, debt and asset transfers, where the sum of the exposures equals or exceeds the lower of 5% of the total amount of capital adequacy requirements of the financial conglomerate or €300 million. [...] (v) Profit and Loss (P&L), where the absolute value of the transaction constitutes at least 5% of the financial conglomerate's income on the same reference date." We believe that the approach should not entail the cumulative amount of transactions. It would not be in line with the purpose of the conglomerate reporting which is to identify significant transactions. Indeed, Art. 8(2) FICOD indicates that Member States "shall require regulated entities or mixed financial holding companies to report [...] all significant intra-group transactions of regulated entities within a financial conglomerate [...] 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." Accordingly, the cumulative amount required by the Guide does not seem in line with the FICOD. With the cumulative amount, the report requires to declare all intra-group transactions, even those which reached €1, and not only the significant one. This notion of cumulative amount should be restricted to the Single Economic Operation. Instead of a threshold expressed on an absolute value, the current methodology should be kept with a threshold expressed on % of the capital adequacy requirement of the Conglomerate in order to take into consideration the proportionality. Besides, the threshold P&L is based on one transaction (absolute value) which appears as more appropriate. Hence, we do not understand the difference for the other	The approach proposed appears not in line with FICOD.	Mancino, Marco	Publish
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7	Thresholds for reporting intragroup transactions	2	9	Amendment	<p>The ITS requires FiCo to report 'Intragroup transactions that were:</p> <p>(i) in force at the start of the reporting period;</p> <p>(ii) initiated during the reporting period and still in force at the reporting date; or</p> <p>(iii) initiated and expired/matured during the reporting period.</p> <p>Since the new FiCo reporting includes completely new information, data structure and format and as a new feature historization of transactions (No. (iii)) even for a much lower threshold than expected (€ 300mn vs. 5% of FiCo Own Funds requirements) we believe that a tolerance limit should be envisaged for the first reporting remittance (best effort basis).</p>	<p>Since the reporting format is completely new, including the lower threshold of € 300mn, we believe that the first reporting as of December 31, 2023 - if expectations are not reviewed - should be done on a best effort basis. Time for full implementation of at least one year after the publication of the official ECB Guide should be envisaged.</p>	Mancino, Marco	Publish
8	Thresholds for reporting intragroup transactions	2	9	Amendment	<p>The Guide states that "Intragroup transactions between regulated entities belonging to different sectors, and between a regulated entity of the group and any natural or legal person linked to the undertakings within that group by close links, should also be reported whenever the sum of equity-type transactions, debt and asset transfers, derivatives, off-balance sheet items and contingent liabilities intragroup transactions between the entities equals or exceeds 5% of the total amount of capital adequacy requirements of the financial conglomerate or €300 million."</p> <p>This paragraph requires to report all intra-group transactions if the cumulative amount of transactions in equity + derivatives + off balance sheet is above the indicated threshold. Accordingly, it appears as an additional threshold - in contrast with the general principle that the Guide would not establish new requirements.</p> <p>Moreover, this seems not in line with the FICOD principles which require to declare only significant transactions when their individual amount is above the threshold (see Art. 8(2) of FICOD mentioned above).</p>	<p>The approach proposed appears not in line with FICOD, which requires to declare only significant transactions when their individual amount is above the threshold.</p>	Mancino, Marco	Publish
9	Explanations of the general expectations set out in this Guide	2	3	Clarification	<p>"the ECB considers that requesting financial conglomerates to report intrasectoral financial activities (i.e. between regulated entities of the same sector) would not ordinarily be necessary to meet the objectives of the Financial Conglomerates Directive"</p> <p>Regarding the FC00, as ECB considers that these intrasectoral financial transactions do not need to be reported, does it mean that columns FC0020, FC0040 and FC0090 do not need to be reported ?</p>		Mancino, Marco	Publish