



Template for comments

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

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General comments

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: [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	The ECB Draft Guide remains silent as to several important practical questions with regard to the future FiCo-Reporting: - 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?)	When it comes to the expected restitution format of the templates, sending them in a .csv format would be more suitable in regards of the volume of transactions to be reported instead of an Excel format.	VÖB	Publish
2	Types of transaction and risk to be reported	1	5,6	Clarification	Risk concentration Type (i) is to be reported in template FC06 . Types (ii) to (iv) are to be reported in FC07. Nothing is mentioned on template FC08 (Exposure by asset class and rating). Does it mean that this template is not to be reported? But that's not mentioned explicitly. Also no thresholds are given for this type. Not clear to us how to interpret these reporting instructions.	Reporting instructions should be clear and precise.	VÖB	Publish
3	Requirements regarding risk concentrations	2	8	Deletion	The concept of groups of connected clients is mentioned for the first time. It needs to be implemented for Insurance RC as well, otherwise the upper limit of 25% FICO own funds cannot be monitored on a consistent basis, 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.	The Guide states on page 2 that it does not establish new regulatory requirements. The introduction of the concept of groups of connected clients imposes a new regulatory requirement for insurance groups and is in our opinion not in line with Art. 1 No. 2 of Del. Regulation 2022/2454 (FiCo ITS) which provides for consistency of the reported FiCo data and the reported sectoral data and should therefore be deleted.	VÖB	Publish
4	Requirements regarding risk concentrations	2	8	Deletion	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. Although the Limit is quite high, it requires additional monitoring activities at the conglomerate level and in addition for groups of connected clients.	The Guide states on page 2 that it does not establish new regulatory requirements. The introduction of the upper limit and monitoring requirements impose a new regulatory requirement especially for insurance groups and should therefore be deleted.	VÖB	Publish
5	Thresholds for reporting significant risk concentrations	1	7	Clarification	Does the threshold of the lower of €300 million 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? 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.	Reporting instructions should be clear and precise.	VÖB	Publish
6	Thresholds for reporting intragroup transactions	1	9	Clarification	"Whenever this amount is equal or above the following thresholds: [...] (ii) For derivatives, 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. For derivatives, ITS UE 2022/2454 defines 'Significant intra-group transactions related to derivatives shall be reported where the carrying amount of the derivative exceeds the threshold.'	We are not in line with ECB view, which define that the amount of derivatives is based on nominal value and we do not understand such change. The ECB Guide appears as not in line with the regulatory requirements. In addition, the summary sheet FC.00 also considers the carrying amount for derivatives. Using the notional amount to determine the relevance would be inconsistent with the summary sheet.	VÖB	Publish

7	Thresholds for reporting intragroup transactions	1	9	Clarification	<p>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 <u>sum of the exposures</u> 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."</p> <p>We are not in line with the ECB view to calculate a cumulative amount of transactions. It is not in line with the purpose of the conglomerate reporting which is to identify significant transactions. Indeed, article (8).2 of FICOD said " The 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.</p> <p>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.</p> <p>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 categories.</p>	We are not in line with the ECB view to calculate a cumulative amount of transactions and to calculate the threshold on the basis of absolute values.	VÖB	Publish
8	Thresholds for reporting intragroup transactions	2	9	Clarification	<p>Intragroup transactions (IGT): The ITS requires FiCo to report IGT that were (i) in force at the start of the reporting period; (ii) initiated during the reporting period and still in force at the reporting date; or (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 (€ 300 million vs. 5% of FiCo Own Funds requirements) we advocate a tolerance for the first reporting remittance (best effort basis).</p>	Since the reporting format is completely new and the lower threshold of € 300 million was introduced for the first time with the Draft ECB Guide on August 21, 2023 we advocate a tolerance for the first reporting as of December 31, 2023- if expectations are not reviewed - and time for implementation of at least one year after the publication of the official ECB Guideline.	VÖB	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>	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 ?	VÖB	Publish
10	Thresholds for reporting intragroup transactions	2	9	Clarification	<p>"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.2 "This Guide does not establish new regulatory requirements (...)."</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.</p> <p>It seems to be not in line with the FICOD principles which requires to declare only significant transactions when their individual amount is above the threshold. Article (8).2 of FICOD said " The 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."</p>	It seems to be not in line with the FICOD principles which requires to declare only significant transactions when their individual amount is above the threshold.	VÖB	Publish
11	Requirements regarding risk concentrations	3	8	Clarification	<p>In Section 2.4 there is a Typing error. The last paragraph states FC0205 instead of FC0250. The typing error should be corrected.</p>	The typing error should be corrected.	VÖB	Publish