

In case of discrepancies between the French and the English text, the French text shall prevail.

Luxembourg, 18 January 2018

To all credit institutions incorporated under Luxembourg law, as well as Luxembourg branches of credit institutions located in a third country

CIRCULAR CSSF 18/676

Re : Adoption of the EBA Guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013 (EBA/GL/2017/01)

Ladies and Gentlemen,

The purpose of this circular is to draw attention to the Guidelines of the European Banking Authority (EBA) on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013¹ (EBA/GL/2017/01) (the **Guidelines**) that have entered into force on 31 December 2017 and with which the CSSF intends to comply in its capacity as national competent authority.²

With respect to the disclosure requirements of Part Eight of the CRR³, the Guidelines specify the general disclosure framework of risk management under Article 435 CRR in relation to liquidity risk by providing a harmonised structure for the disclosure of information required under Article 435, paragraph 1 of the CRR.

¹ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (**CRR**)

² « Significant supervised entities » as defined in Article 2, point 16 of Regulation (EU) No 468/2014 of the European Central Bank (**ECB**) of 16 April 2014 (SSM Framework Regulation) shall refer to the relevant ECB rules (if any).

³ Please refer to circular CSSF 17/673 on the adoption of the EBA Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013 (EBA/GL/2016/11) (only available in French)

The Guidelines are addressed to those credit institutions that are subject to the disclosure requirements of Part Eight of the CRR in accordance with articles 6, 10 and 13 of this regulation and who fall under the scope of the Commission Delegated Regulation (EU) 2015/61⁴, that is:

- credit institutions identified as O-SIIs (“Other Significant Institutions”)⁵ or G-SIIs (“Globally Significant Institutions”)⁶ which must disclose all the information specified in Annexes I and II of the Guidelines; and
- credit institutions other than the ones that have been identified as O-SIIs or G-SIIs which must disclose all the information specified in Annex I of the Guidelines but benefit from the possibility of disclosing a simplified version of the information specified in Annex II of the Guidelines (lines 21 to 23).

It should be noted that the CSSF does not make use of the option granted to the competent authority under Article 13(1) second subparagraph of the CRR to extend, in all or in part, the disclosure requirements of Part Eight of the CRR to certain institutions, other than the ones that have been identified as O-SIIs or G-SIIs, which are under its direct supervision.

The present circular shall apply with immediate effect.

The first application of the Guidelines on the disclosure of the information required under Part Eight of the CRR shall be done with respect to the credit institutions’ situation as of 31 December 2017.

The Guidelines are appended as an Annex to this circular. They are also available on the EBA website at:

<https://www.eba.europa.eu/documents/10180/1777195/Guidelines+on+LCR+disclosure+to+complement+the+disclosure+of+liquidity+risk+management+%28EBA-GL-2017-01%29.pdf/1fb42708-17dd-4415-be69-c79d628a516b>

⁴ Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions

⁵ According to Article 131 (3) of the Directive 2013/36/EU and the guidelines EBA/GL/2014/10

⁶ Commission Delegated Regulation (EU) No 1222/2014 of 8 October 2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards for the specification of the methodology for the identification of global systemically important institutions and for the definition of subcategories of global systemically important institutions

Yours sincerely,

COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER

Jean-Pierre FABER
Directeur

Françoise KAUTHEN
Directeur

Claude SIMON
Directeur

Simone DELCOURT
Directeur

Claude MARX
Directeur général

Annex: EBA Guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013

EBA/GL/2017/01

08 March 2017

Final Report

Guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013

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1. Executive summary

Article 435 of Regulation (EU) No 575/2013 (Capital Requirements Regulation – CRR) sets out the general disclosure framework for institutions with regard to every category of risk for which liquidity risk should be considered. It lays down the qualitative and quantitative information to be disclosed with regard to institutions' liquidity risk management objectives and policies.

The disclosure of key ratios and figures is required under Article 435(1)(f) of the CRR. Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 (LCR Delegated Act),¹ applicable from 1 October 2015, specifies the liquidity coverage ratio (LCR). This ratio aims to ensure that credit institutions maintain an adequate liquidity buffer to cover the net liquidity outflows under gravely stressed conditions over a period of 30 days. The LCR is the only regulatory ratio to cover liquidity and is crucial for disclosure, as it provides essential information for the assessment of liquidity risk management and for the decision-making processes of market participants.

The EBA has developed these guidelines (GL) to harmonise and specify the disclosures required under the general principles on liquidity and, in particular, on the LCR in the CRR. These GL apply to those institutions that are subject to the EBA Guidelines on disclosure requirements under Part Eight of Regulation (EU) 575/2013 (EBA/GL/2016/11)² on harmonised disclosure formats, as long as they are credit institutions, which are the only institutions within the scope of the LCR Delegated Act, and at the same level of their LCR requirements in the case of consolidated disclosures. Furthermore, the GL refer to the CRR with regard to the general principles of disclosure and its frequency and waivers, and are consistent with the EBA Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) 575/2013³ (EBA/GL/2014/14).

The GL include (i) a qualitative and quantitative harmonised table for the disclosure of key information, primarily on liquidity risk management, as laid down by the CRR and (ii) quantitative and qualitative harmonised templates, with their instructions for use, for the disclosure of the LCR composition and levels.

In terms of proportionality, these GL provide a methodology based on monthly reporting data and simplified templates for non-systemic institutions. EBA/GL/2014/14 specify Article 432 of the CRR, which allows banks to omit some disclosures if they are non-material, proprietary or confidential, and Article 433, on disclosure frequency.

¹ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2015:011:TOC>

² <http://www.eba.europa.eu/documents/10180/1696202/Final+report+on+the+Guidelines+on+disclosure+requirement+s+under+Part+Eight+of+Regulation+575+2013+%28EBA-GL-2016-11%29.pdf>

³ [https://www.eba.europa.eu/documents/10180/937948/EBA+GL+2014+14+\(Guidelines+on+disclosure\).pdf](https://www.eba.europa.eu/documents/10180/937948/EBA+GL+2014+14+(Guidelines+on+disclosure).pdf)

The GL will be translated into the official EU languages and published on the EBA website. The deadline for competent authorities to report whether they comply with the GL will be two months after the publication of the translations. The GL will apply from 31 December 2017.

2. Background and rationale

2.1 Legal basis: CRR

Part Eight of the CRR refers to 'Disclosure by institutions'. In particular, Article 431 of the CRR states that 'institutions shall publicly disclose the information laid down in Title II, subject to the provisions laid down in Article 432', which allows for the omission of information assessed as confidential, immaterial or proprietary, following the specifications set out in the EBA Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) 575/2013.

Title II, on 'Technical criteria on transparency and disclosure', in Article 435(1), envisages the general disclosure framework for institutions with regard to every category of risk. It lays down the qualitative and quantitative information on the risk management objectives and policies that the disclosures should include. Therefore, liquidity risk should be considered subject to the general requirements of Article 435(1).

In particular, Article 435(1)(f) states that the disclosure shall include 'key ratios and figures providing external stakeholders with a comprehensive view of the institution's management of risk'. These GL specify the information on these key ratios and figures in the context of the liquidity risk, namely the LCR, in accordance with the LCR Delegated Act and in order to harmonise the general disclosure requirement established in the CRR. This will provide essential information on the liquidity risk management of the relevant institution.

2.2 Guidelines

Guidelines

The CRR does not provide a specific mandate to the EBA to provide GL on uniform disclosure tables or templates on the LCR or on liquidity risk in general terms. However, the specification in a harmonised manner in the EU of the key ratios and figures on liquidity risk referred to by Article 435(1)(f) seems desirable now that the LCR, as the key liquidity risk indicator, has entered into force. It is also important for consistency with other important regulatory areas such as capital or the leverage ratio for which harmonised disclosure frameworks are in place. The specification of these key ratios and figures on liquidity does not add new elements to the disclosure package proposed in the CRR but rather provides the basis for harmonisation. At present, some institutions disclose this information on the basis of their regulatory risk report, whereas others use the information that is required in the financial statements, which can make comparability challenging.



In this context, the EBA is carrying out the implementation of a harmonised disclosure framework for the LCR, within the general liquidity risk management disclosure framework in the CRR, by means of GL addressed to credit institutions and competent authorities. Article 16 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC, envisages that the EBA shall issue guidelines to ensure the common, uniform and consistent application of Union law.

It is to be noted that the proposals from the European Commission to amend the CRR (Capital Requirements Regulation) and CRD (Capital Requirements Directives), published on 23 November 2016, mandate the EBA in Article 434a (1) to develop standardised disclosure templates covering all substantive disclosure requirements set out in Regulation (EU) No 575/2013, including with regard to disclosure of the LCR in Article 451a.

Scope of application

Since the main aim of these GL is to specify the disclosure of the LCR by means of harmonised tables and templates, these GL follow the same scope of application as EBA/GL/2016/11 (which target institutions with harmonised disclosure formats) and are limited to institutions and to the level covered by the LCR Delegated Act, whereby the LCR is applicable only to credit institutions. Overall, the credit institutions covered by the scope of application of these GL are those classified as systemic but also include others that are not systemic, such as those that have decided to apply the GL on a voluntary basis or those for which the application of the GL has been determined by a supervisory authority. The scope thus turns out to be quite flexible.

Nevertheless, the general disclosure requirement on liquidity risk management envisaged in Article 435 (1) of the CRR is also applicable to other credit institutions and investment firms. All this should be understood without prejudice to the general framework of disclosure waivers envisaged in the CRR.

Table and templates

The GL include a harmonised table for the qualitative and quantitative information required to be disclosed in the CRR and provide two templates for the presentation of the specific quantitative and qualitative information in relation to the LCR. The GL include all necessary aspects related to their frequency of disclosure and scope of application.

In the development of the LCR-related information, while closely following the approach proposed by the Basel Committee on Banking Supervision (BCBS)⁴ concerning the structure of the quantitative LCR disclosure template and its instructions, the EBA has made appropriate references to the EU regulatory framework and definitions where necessary. A number of EU-specific rows have been added to the template (labelled with an 'EU-' prefix), reflecting specific

⁴ <http://www.bis.org/publ/bcbs272.pdf>



aspects of the EU LCR that cannot be captured by the BCBS template and that are necessary to better enable the calculation of the EU LCR. All of this constitutes the fully fledged and comprehensive LCR disclosure template. Where appropriate, the terminology contained in the BCBS template and instructions has been retained.

The LCR disclosure template on quantitative information on the LCR is relevant for all items, regardless of the currency in which they are denominated. These GL do not envisage separate LCR disclosure templates depending on the currency. The items to be disclosed in the LCR disclosure template are defined in terms of cross-references with the items to be reported in the LCR reporting templates provided in Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.⁵ All this is expected to significantly reduce the burden and cost of LCR disclosure for credit institutions. It should be noted that an update of these GL would be expected as a consequence of the necessary update of the LCR reporting templates as a result of the potential corrigendum of the LCR Delegated Regulation. This is without prejudice to the necessary update of the LCR disclosure framework following the outcome of the CRR/CRD review as mentioned before.

In terms of proportionality, the GL consider that a clear differentiation in the specification of the LCR disclosure framework should be set out between systemic and non-systemic institutions. This is because the impact in markets and the interest in market participants that their disclosures may trigger are expected to be very different among these institutions for reasons inherent to their own classification. This means that the definition of key figures in the context of Article 435(1)(f) of the CRR should be different for these two type of institutions. In light of this, only the value of the LCR itself, the amount of the liquidity buffer and the amount of the net outflows are considered in these GL as key figures in the case of non-systemic institutions (i.e. institutions that are not defined either as globally systemically important institutions (G-SIIs) or as other systemically important institutions (OSIIs)) and therefore a simplified LCR disclosure template, including only these three items, is envisaged for these institutions. Therefore, the fully fledged and comprehensive LCR disclosure template applies by default only to systemic credit institutions. In any case, Article 431(3) of the CRR envisages that 'where those disclosures do not convey the risk profile comprehensively to market participants, institutions shall publicly disclose the information necessary in addition to that'.

It should be noted that the existing flexibility in the scope of application of these GL allows all credit institutions to adhere to them on a voluntary basis even when they are not specifically required to comply with them. This allows these credit institutions, if they so desire, to avoid applying a free format to the required disclosures on liquidity risk key ratios and figures under Article 435(1)(f) of the CRR and instead use the harmonised simplified template on a voluntary basis to ensure a proper understanding of harmonised and transparent disclosures in markets.

⁵ Commission Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council



The disclosures required in the LCR disclosure template are simple averages of 12 LCR monthly reporting observations. The use of monthly observations ensures comparability of the disclosures with other public financial information based on monthly data, for the benefit of market participants, and also with monthly supervisory reports, for the benefit of supervisors. The use of averages, while ensuring that the liquidity risk profile of credit institutions is comprehensively disclosed over a period of time, avoids the use of isolated information relating to a specific date, which could, for market reasons, hamper credit institutions from using their LCR liquidity buffer if needed during a period of stress or could hinder the provision of agreed emergency liquidity assistance by central banks, and, as a consequence, exacerbate a stressed situation.

The information required in the template on qualitative information on the LCR aims to provide further explanation of the necessary items included in the LCR disclosure template and is very much inspired by the items suggested in the BCBS LCR disclosure text for this purpose.

The use of these uniform tools will improve the transparency and comparability of the LCR and other liquidity risk management-related information at a cross-jurisdictional level. This will allow market participants to make economic decisions on the basis of well-informed judgements on banks' liquidity profiles and, therefore, will foster market discipline.

The granularity of the information to be disclosed provides participants with the necessary input to make well-informed economic decisions and is not expected to trigger any negative procyclical effects.

Others

Based on the feedback received on the Consultation Paper (CP), the EBA has published, together with these GL, a mapping template between the LCR reporting and disclosure templates. This mapping template is for information only and in no event may the disclosure be substantiated by it. It is not part of the GL and has no legal value. Institutions are responsible for ensuring that their disclosures follow the templates and the instructions provided in these GL.

2.3 The BCBS disclosure standards

The BCBS published its LCR standard in January 2013, with an implementation date of 1 January 2015, and its LCR disclosure standard in January 2014, with an identical implementation date. The objectives of this latter standard are to improve the transparency of regulatory liquidity requirements, to enhance market discipline and to reduce uncertainty in the markets while the LCR is implemented. It is also deemed important that institutions adopt a common disclosure framework to help market participants to consistently assess institutions' liquidity position.

The Basel requirements on LCR disclosure are quantitative and qualitative, as both aspects are deemed essential for market participants to gain a broader picture of an institution's liquidity risk position and management. The standard provides detailed proposals in terms of the common disclosure template and instructions on quantitative aspects of the LCR and lists areas of potential qualitative disclosure that aim to facilitate the understanding of the results and data provided.



The Basel LCR disclosure standard also envisages further quantitative and qualitative liquidity items for the disclosure of general liquidity risk management on a voluntary basis.

2.4 Consistency with the EBA Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432 (1), 432 (2) and 433 of Regulation (EU) 575/2013 (EBA/GL/2014/14) and with the EBA Guidelines on disclosure requirements under Part Eight of Regulation (EU) 575/2013 (EBA/GL/2016/11)

The GL themselves constitute specific advice that refers exclusively to liquidity disclosures.

Nevertheless, the general aspects of disclosure laid down in Part Eight, Title I of the CRR, specified as regards confidentiality, materiality, the proprietary nature of information and frequency of disclosures by the EBA Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) 575/2013 remain applicable to liquidity disclosures that will be provided in the application of the present GL.

EBA/GL/2014/14 in particular provide in Titles III and IV the necessary considerations and criteria to assess materiality and the proprietary or confidential nature of information in accordance with Article 432 of the CRR. Title VI provides the disclosures that are required when a disclosure waiver for materiality, confidentiality or proprietary nature is used. When applied to information included in these GL, these criteria will allow institutions to omit some of the items envisaged for the disclosures on liquidity when the disclosures are not material or are confidential or proprietary.

EBA/GL/2014/14 also include in Title V the necessary considerations and criteria for institutions to assess, under Article 433 of the CRR, their need to disclose some or all the information more frequently than annually. Title VII then lists specific items of information based on the disclosure requirements in Part Eight of the CRR to which institutions meeting the criteria in Title V should pay particular attention to assess their need to disclose more frequently than annually. The general 2014 guidelines also make clear that the more frequent disclosure of information on items prone to rapid changes, even though they are not individually listed in Title VII, should be considered. Accordingly, these GL consider some liquidity risk-related items as prone to rapid change and, in this regard, list some items of information to which institutions should pay particular attention to the possible need for more frequent disclosure.

The combination of the disclosure waivers in Article 432 and the flexible disclosure frequency introduced by Article 433, together with the specifications from the 2014 guidelines in these areas, also contribute to a proportionate implementation of the disclosure requirements on



liquidity risk, whereby the content and frequency of disclosure may be adapted depending on the particular considerations of the institutions or of the items to be disclosed.

EBA/GL/2016/11 were produced for the implementation of the revised Pillar 3 framework in the EU. They do not change the regulatory disclosures requirements set out in Part Eight of Regulation (EU) 575/2013 but provide guidance on these disclosures from a presentation perspective in terms of harmonised tables and templates enhancing the comparability of disclosures among institutions. Liquidity risk disclosure is not envisaged, since these GL deal specifically with it. EBA/GL/2016/11 are applicable to G-SIIs and O-SIIs, and to any other institution that has opted in to those GL on the basis of a supervisory decision or as a result of their own decision. The scope of application of institutions using harmonised formats for disclosure should be consistent among the various risk areas and, therefore, these GL maintain consistency in their scope of application with EBA/GL/2016/11.

EBA/GL/2017/01

DD MM YYYY

Guidelines

on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013

1. Compliance and reporting obligations

Status of these guidelines

1. This document contains guidelines issued pursuant to Article 16 of Regulation (EU) No 1093/2010.⁶ In accordance with Article 16(3) of Regulation (EU) No 1093/2010, competent authorities and financial institutions must make every effort to comply with the guidelines.
2. Guidelines set the EBA view of appropriate supervisory practices within the European System of Financial Supervision or of how Union law should be applied in a particular area. Competent authorities as defined in Article 4(2) of Regulation (EU) No 1093/2010 to whom guidelines apply should comply by incorporating them into their practices as appropriate (e.g. by amending their legal framework or their supervisory processes), including where guidelines are directed primarily at institutions.

Reporting requirements

3. According to Article 16(3) of Regulation (EU) No 1093/2010, competent authorities must notify the EBA as to whether they comply or intend to comply with these guidelines, or otherwise with reasons for non-compliance, by ([dd.mm.yyyy]). In the absence of any notification by this deadline, competent authorities will be considered by the EBA to be non-compliant. Notifications should be sent by submitting the form available on the EBA website to compliance@eba.europa.eu with the reference 'EBA/GL/2017/01'. Notifications should be submitted by persons with appropriate authority to report compliance on behalf of their competent authorities. Any change in the status of compliance must also be reported to EBA.
4. Notifications will be published on the EBA website, in line with Article 16(3).

⁶ Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC, (OJ L 331, 15.12.2010, p.12).

2. Subject matter, scope and definitions

Subject matter

5. These guidelines specify the general disclosure framework of risk management under Article 435 of Regulation (EU) No 575/2013⁷ in relation to liquidity risk by providing a harmonised structure for the disclosure of information required under Article 435(1) of that Regulation.
6. In particular, and consistently with Commission Delegated Regulation (EU) 2015/61,⁸ these guidelines specify and explain which information on the liquidity coverage ratio (LCR) is required to be disclosed within the key ratios and figures for the purpose of Article 435(1)(f) of Regulation (EU) No 575/2013.

Scope and level of application

7. These guidelines apply to those credit institutions that have to comply with the Guidelines on disclosure requirements (EBA/GL/2016/11) under Part Eight of Regulation (EU) No 575/2013 and which are covered by Commission Delegated Regulation (EU) 2015/61.

Addressees

8. These guidelines are addressed to competent authorities as defined in point (i) of Article 4(2) of Regulation (EU) No 1093/2010 and to credit institutions as defined in Article 4(1)(1) of Regulation (EU) No 575/2013.

Definitions

9. Unless otherwise specified, terms used and defined in Regulation (EU) No 575/2013 and Commission Delegated Regulation (EU) 2015/61 have the same meaning in these guidelines.

⁷ Regulation (EU) No 575/2013 of the European and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

⁸ Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions.

3. Implementation

Date of application

10. These guidelines apply from 31.12.2017.

Transitional provisions

11. Credit institutions under the scope of application of these guidelines do not need to publish the disclosures referred to in Annex II where some of the observations for the calculation of their averages are prior to the first LCR reporting reference date and thus are not captured in the LCR reporting templates provided in Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.

4. Guidelines on liquidity risk management and LCR disclosure

12. The credit institutions referred to in paragraph 7 should disclose the table provided in Annex I.
13. The credit institutions referred to in paragraph 7 should disclose the LCR disclosure template and the template on qualitative information on the LCR provided in Annex II in accordance with the instructions provided in Annex III.
14. By way of derogation from paragraph 13, a credit institution should disclose only the information in rows 21, 22 and 23 of the LCR disclosure template in Annex II where all of the following conditions are met:
- (a) the credit institution has not been identified by competent authorities as a global systemically important institution (G-SII) in accordance with Commission Delegated Regulation (EU) No 1222/2014 and any subsequent amendment;
 - (b) the credit institution has not been identified as an other systemically important institution (O-SII) in application of Article 131 (3) of Directive 2013/36/EU as specified by EBA/GL/2014/10.
15. Disclosure in accordance with these guidelines should be made in accordance with the EBA Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) No 575/2013 (EBA/GL/2014/14), with further specifications provided in paragraph 16 below.
16. For the purpose of point (e) of paragraph 27 of EBA/GL/2014/14, the following items should be regarded as items that are prone to rapid change:
- (a) total adjusted value of the Liquidity Buffer, as set out in row 21 of the LCR template in Annex II;
 - (b) total adjusted value of Total Net Cash Outflows, as set out in row 22 of the LCR template in Annex II ;
 - (c) total adjusted value of the Liquidity Coverage Ratio (%), as set out in row 23 of the LCR template in Annex II.

Annex I – Table EU LIQA on liquidity risk management

17. Table on qualitative/quantitative information of liquidity risk in accordance with Article 435(1) of Regulation (EU) 575/2013

| |
|--|
| Purpose: Disclose risk management objectives and policies for liquidity risk |
| Scope of application: The table is mandatory for credit institutions referred to in paragraph 7 of these guidelines |
| Content: Qualitative and quantitative information |
| Frequency: At least annual |
| Format: Flexible |

| | Comment |
|---|---------|
| Strategies and processes in the management of the liquidity risk | |
| Structure and organisation of the liquidity risk management function (authority, statute, other arrangements) | |
| Scope and nature of liquidity risk reporting and measurement systems | |
| Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants | |
| A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution providing assurance that the liquidity risk management systems put in place are adequate with regard to the institution's profile and strategy | |
| A concise liquidity risk statement approved by the management body succinctly describing the institution's overall liquidity risk profile associated with the business strategy. This statement shall include key ratios and figures (other than those already covered in Annex II of these guidelines) providing external stakeholders with a comprehensive view of the institution's management of liquidity risk, including how the liquidity risk profile of the institution interacts with the risk tolerance set by the management body | |

Annex II – Templates EU LIQ1: LCR disclosure template and the template on qualitative information on the LCR

18. LCR disclosure template, on quantitative information of LCR which complements Article 435(1)(f) of Regulation (EU) No 575/2013.

| |
|---|
| Purpose: Disclose level and components of the LCR |
| Scope of application: The template is mandatory for credit institutions referred to in paragraph 7 of these Guidelines |
| Content: Quantitative information |
| Frequency: At least annual |
| Format: Fixed |

| Scope of consolidation (solo/consolidated) | | Total unweighted value (average) | | | | Total weighted value (average) | | | |
|---|--|----------------------------------|--|--|--|--------------------------------|--|--|--|
| Currency and units (XXX million) | | | | | | | | | |
| Quarter ending on (DD Month YYY) | | | | | | | | | |
| Number of data points used in the calculation of averages | | | | | | | | | |
| HIGH-QUALITY LIQUID ASSETS | | | | | | | | | |
| 1 | Total high-quality liquid assets (HQLA) | X | | | | | | | |
| CASH – OUTFLOWS | | | | | | | | | |
| 2 | Retail deposits and deposits from small business customers, of which: | | | | | | | | |
| 3 | <i>Stable deposits</i> | | | | | | | | |
| 4 | <i>Less stable deposits</i> | | | | | | | | |
| 5 | Unsecured wholesale funding | | | | | | | | |
| 6 | <i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i> | | | | | | | | |

| | | | | | | | | | |
|-----------------------------|---|--|--|--|--|--|--|--|--|
| 7 | <i>Non-operational deposits (all counterparties)</i> | | | | | | | | |
| 8 | <i>Unsecured debt</i> | | | | | | | | |
| 9 | Secured wholesale funding | | | | | | | | |
| 10 | Additional requirements | | | | | | | | |
| 11 | <i>Outflows related to derivative exposures and other collateral requirements</i> | | | | | | | | |
| 12 | <i>Outflows related to loss of funding on debt products</i> | | | | | | | | |
| 13 | <i>Credit and liquidity facilities</i> | | | | | | | | |
| 14 | Other contractual funding obligations | | | | | | | | |
| 15 | Other contingent funding obligations | | | | | | | | |
| 16 | TOTAL CASH OUTFLOWS | | | | | | | | |
| CASH – INFLOWS | | | | | | | | | |
| 17 | Secured lending (e.g. reverse repos) | | | | | | | | |
| 18 | Inflows from fully performing exposures | | | | | | | | |
| 19 | Other cash inflows | | | | | | | | |
| EU-19a | (Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies) | | | | | | | | |
| EU-19b | (Excess inflows from a related specialised credit institution) | | | | | | | | |
| 20 | TOTAL CASH INFLOWS | | | | | | | | |
| EU-20a | Fully exempt inflows | | | | | | | | |
| EU-20b | Inflows subject to 90% cap | | | | | | | | |
| EU-20c | Inflows subject to 75% cap | | | | | | | | |
| TOTAL ADJUSTED VALUE | | | | | | | | | |
| 21 | LIQUIDITY BUFFER | | | | | | | | |
| 22 | TOTAL NET CASH OUTFLOWS | | | | | | | | |
| 23 | LIQUIDITY COVERAGE RATIO (%) | | | | | | | | |

19. Template on qualitative information on LCR, which complements the LCR disclosure template.

| |
|---|
| Purpose: Disclose further explanation of the items included in the LCR disclosure template |
| Scope of application: The template is mandatory for credit institutions referred to in paragraph 7 of these Guidelines |
| Content: Mainly qualitative discussions, which could be supported by quantitative information |
| Frequency: At least annual |
| Format: Flexible |

Comment

| | |
|---|--|
| Concentration of funding and liquidity sources | |
| Derivative exposures and potential collateral calls | |
| Currency mismatch in the LCR | |
| A description of the degree of centralisation of liquidity management and interaction between the group's units | |
| Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile | |

Annex III – Instructions on Templates EU LIQ1, LCR disclosure template and the template on qualitative information on the LCR

Part 1: GENERAL INSTRUCTIONS

20. The information that should be disclosed under the LCR disclosure template in Annex II should state the values and figures contained therein for each of the four calendar quarters (January-March, April-June, July-September, October-December) preceding the disclosure date. These values and figures should be calculated as the simple averages of month-end observations over the twelve months preceding the end of each quarter.
21. The information that should be disclosed under the template on qualitative information on the LCR in Annex II should provide a qualitative discussion of the items included in the LCR disclosure template.
22. The information required under the LCR disclosure template in Annex II should include all items irrespective of the currency in which they are denominated and should be disclosed in the reporting currency as defined in Article 3 of Commission Delegated Regulation (EU) 2015/61.
23. In order to calculate the unweighted and weighted inflows and outflows and the weighted HQLA for the purpose of the LCR disclosure template under Annex II, credit institutions under the scope of application of these guidelines should apply the following instructions:
- (a) Inflows/outflows: the unweighted value of inflows and outflows should be calculated as the outstanding balances of various categories or types of liabilities, off-balance sheet items or contractual receivables. The 'weighed' value for inflows and outflows should be calculated as the value after the inflow and outflow rates are applied.
 - (b) HQLA: the 'weighted' value of High Quality Liquid Assets (HQLA) should be calculated as the value after haircuts are applied.
24. In order to calculate the adjusted value of the liquidity buffer in item 21 and the adjusted value of total net cash outflows in item 22 of the LCR disclosure template under Annex II, credit institutions under the scope of application of these guidelines should apply each of the following instructions:

- (a) the adjusted value of the liquidity buffer is the value of total HQLA after the application of both haircuts and any applicable cap;
- (b) the adjusted value of net cash outflows should be calculated after the cap on inflows is applied, where applicable.

Part 2: SPECIFIC INSTRUCTIONS

25. Credit institutions under the scope of application of these guidelines should apply the instructions provided in this paragraph in order to complete the LCR disclosure template under Annex II:

| Row | Legal references and instructions |
|-----|---|
| {1} | <p>Total high-quality liquid assets (HQLA)</p> <p>Credit institutions should disclose as the weighted value the Value according to Article 9 of Commission Delegated Regulation (EU) 2015/61 of the item 'Total Unadjusted Liquid Assets' as reported in row 10 (ID 1), column 040 of template C 72.00 Liquidity coverage – Liquid assets of Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.⁹</p> |
| {2} | <p>Retail deposits and deposits from small business customers, of which:</p> <p>Credit institutions should disclose as the unweighted value the amount of the item 'Retail deposits' as reported in row 030 (ID 1.1.1), column 010 of template C 73.00 Liquidity coverage – Outflows of Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.</p> <p>Credit institutions should disclose as the weighted value the outflow of the item 'retail deposits' reported in row 030 (ID 1.1.1), column 060 of template C 73.00 on Liquidity coverage – Outflows under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.</p> |
| {3} | <p>Stable deposits</p> <p>Credit institutions should disclose as the unweighted value the sum of the amount of the item 'stable deposits' as reported in row 080 (ID 1.1.1.3), column 010 of template C 73.00 on Liquidity coverage – Outflows under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014 and the amount of the item 'derogated stable deposits' as reported in row 090 (ID 1.1.1.4), column 010 of template C 73.00 on Liquidity coverage – Outflows under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.</p> <p>Credit institutions should disclose as the weighted value the sum of the outflow of the</p> |

⁹ Commission Implementing Regulation (EU) No 680/2014⁹ laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council

| | |
|-----|---|
| | <p>item 'stable deposits' as reported in row 080 (ID 1.1.1.3), column 060 of template C 73.00 on Liquidity coverage – Outflows under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014 and the outflow of the item 'derogated stable deposits' as reported in row 090 (ID 1.1.1.4), column 060 of template C 73.00 on Liquidity coverage – Outflows under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.</p> |
| {4} | <p>Less stable deposits</p> <p>Credit institutions should disclose as the unweighted value the sum of the amount of the item 'deposits subject to higher outflows' as reported in row 050 (ID 1.1.1.2), column 010 of template C 73.00 on Liquidity coverage – Outflows under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014 and the amount of the item 'other retail deposits' as reported in row 110 (ID 1.1.1.6), column 010 of template C 73.00 on Liquidity coverage – Outflows under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.</p> <p>Credit institutions should disclose as the weighted value the sum of the outflow of the item 'deposits subject to higher outflows' as reported in row 050 (ID 1.1.1.2), column 060 of template C 73.00 on Liquidity coverage – Outflows under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014 and the outflow of the item 'other retail deposits' as reported in row 110 (ID 1.1.1.6), column 060, of template C 73.00 on Liquidity coverage – Outflows under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.</p> |
| {5} | <p>Unsecured wholesale funding:</p> <p>Credit institutions should disclose the sums of the unweighted and weighted amounts that are necessary to be disclosed in row {6} 'Operational deposits (all counterparties) and deposits in networks of cooperative banks', row {7} 'Non-operational deposits (all counterparties)' and row {8} 'Unsecured debt' of these instructions.</p> |
| {6} | <p>Operational deposits (all counterparties) and deposits in networks of cooperative banks</p> <p>Credit institutions should disclose as the unweighted value the amount of the item 'Operational deposits' as reported in row 120 (ID 1.1.2), column 010, of template C 73.00 on Liquidity coverage – Outflows under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.</p> <p>Credit institutions should disclose as the weighted value the outflow of the item 'Operational deposits' as reported in row 120 (ID 1.1.2), column 060, of template C 73.00 on Liquidity coverage – Outflows under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.</p> |
| {7} | <p>Non-operational deposits (all counterparties)</p> <p>Credit institutions should disclose as the unweighted value the amount of the item 'Non-operational deposits' as reported in row 210 (ID 1.1.3), column 010, of template C 73.00 on Liquidity coverage – Outflows under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.</p> <p>Credit institutions should disclose as the weighted value the outflow of the item 'Non-</p> |

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|------|--|
| | operational deposits' as reported in row 210 (ID 1.1.3), column 060, of template C 73.00 on Liquidity coverage – Outflows under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014. |
| {8} | <p>Unsecured debt</p> <p>Credit institutions should disclose as the unweighted value the amount of the item 'in the form of debt securities if not treated as retail deposits' as reported in row 900 (ID 1.1.7.2), column 010, of template C 73.00 on Liquidity coverage – Outflows under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.</p> <p>Credit institutions should disclose as the weighted value the outflow of the item 'in the form of debt securities if not treated as retail deposits' as reported in row 900 (ID 1.1.7.2), column 060, of template C 73.00 on Liquidity coverage – Outflows under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.</p> |
| {9} | <p>Secured wholesale funding</p> <p>Credit institutions should disclose as the weighted value the sum of the outflow of the item 'Outflows from secured lending and capital market-driven transactions' as reported in row 920 (ID 1.2), column 060, of template C 73.00 on Liquidity coverage – Outflows under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014 and the outflow of the item 'Total outflows from collateral swaps' as reported in row 1130 (ID 1.3), column 060, of template C 73.00 on Liquidity coverage – Outflows under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.</p> |
| {10} | <p>Additional requirements:</p> <p>Credit institutions should disclose the sums of the unweighted and weighted amounts that are necessary to be disclosed in row {11} 'Outflows related to derivative exposures and other collateral requirements', row {12} 'Outflows related to loss of funding on debt products' and row {13} 'Credit and liquidity facilities' of these instructions.</p> |
| {11} | <p>Outflows related to derivative exposures and other collateral requirements</p> <p>Credit institutions should disclose as the unweighted value and as the weighted value the sum of the amounts (column 010 of template C 73.00 on Liquidity coverage – Outflows of Annex XXIV of Commission Implementing Regulation (EU) No 680/2014) and outflows (column 060 of template C 73.00 on Liquidity coverage – Outflows of Annex XXIV of Commission Implementing Regulation (EU) No 680/2014), respectively, of the following items:</p> <ul style="list-style-type: none"> • 'collateral other than Level 1 assets collateral posted for derivatives' as reported in row 280, ID 1.1.4.1. • 'Level 1 EHQ Covered Bonds assets collateral posted for derivatives' as reported in row 290, ID 1.1.4.2. • 'material outflows due to deterioration of own credit quality' as reported in row 300, ID 1.1.4.3. • 'impact of an adverse market scenario on derivatives, financing transactions and other contracts' as reported in row 310, ID 1.1.4.4. |

| | |
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| | <ul style="list-style-type: none"> • ‘outflows from derivatives’ as reported in row 340, ID 1.1.4.5. • ‘callable excess collateral’ as reported in row 380, ID 1.1.4.7. • ‘due collateral’ as reported in row 390, ID 1.1.4.8. • ‘liquid asset collateral exchangeable for non-liquid asset collateral’ as reported in row 400, ID 1.1.4.9. |
| {12} | <p>Outflows related to loss of funding on debt products</p> <p>Credit institutions should disclose as the unweighted value and as the weighted value the amount (column 010 of template C 73.00 on Liquidity coverage – Outflows of Annex XXIV of Commission Implementing Regulation (EU) No 680/2014) and outflows (column 060 of template C 73.00 on Liquidity coverage – Outflows of Annex XXIV of Commission Implementing Regulation (EU) No 680/2014), respectively, of the item ‘loss of funding on structured financing activities’, as reported in row 410, ID 1.1.4.10 under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.</p> |
| {13} | <p>Credit and liquidity facilities</p> <p>Credit institutions should disclose as the unweighted value and as the weighted value the amount (column 010 of template C 73.00 on Liquidity coverage – Outflows of Annex XXIV of Commission Implementing Regulation (EU) No 680/2014) and outflow (column 060 of template C 73.00 on Liquidity coverage – Outflows of Annex XXIV of Commission Implementing Regulation (EU) No 680/2014), respectively, of the item ‘Committed facilities’ as reported in row 460, ID 1.1.5 under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.</p> |
| {14} | <p>Other contractual funding obligations</p> <p>Credit institutions should disclose as the unweighted value and as the weighted value the sum of the amounts (column 010 of template C 73.00 on Liquidity coverage – Outflows of Annex XXIV of Commission Implementing Regulation (EU) No 680/2014) and outflows (column 060 of template C 73.00 on Liquidity coverage – Outflows of Annex XXIV of Commission Implementing Regulation (EU) No 680/2014), respectively, of the following items:</p> <ul style="list-style-type: none"> • ‘assets borrowed on an unsecured basis’ as reported in row 440, ID 1.1.4.11 • ‘short positions’ as reported in row 350, ID 1.1.4.6. • ‘liabilities resulting from operating expenses’ as reported in row 890, ID 1.1.7.1 • ‘others’ as reported in row 910, ID 1.1.7.3. |
| {15} | <p>Other contingent funding obligations</p> <p>Credit institutions should disclose as the unweighted value and as the weighted value the sum of the amounts (column 010 of template C 73.00 on Liquidity coverage – Outflows of Annex XXIV of Commission Implementing Regulation (EU) No 680/2014) and outflows (column 060 of template C 73.00 on Liquidity coverage – Outflows of Annex XXIV of Commission Implementing Regulation (EU) No 680/2014), respectively, of the following items:</p> <ul style="list-style-type: none"> • ‘Other products and services’ as reported in row 720, ID 1.1.6. |

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| | <ul style="list-style-type: none"> • 'internal netting of client's positions' as reported in row 450, ID 1.1.4.12. |
| {16} | <p>TOTAL CASH OUTFLOWS</p> <p>Credit institutions should disclose the sum of the weighted value of the following items under these instructions:</p> <ul style="list-style-type: none"> • Row {2} Retail deposits and deposits from small business customers • Row {5} Unsecured wholesale funding, • Row {9} Secured wholesale funding, • Row {10} Additional requirements, • Row {14} Other contractual funding obligations and • Row {15} Other contingent funding obligations. |
| {17} | <p>Secured lending (e.g. reverse repos)</p> <p>Credit institutions should disclose as the unweighted value the sum of the amounts of the item 'Inflows from secured lending and capital market-driven transactions' as reported in row 270 (ID 1.2), column 010, 020 and 030 of template C 74.00 on Liquidity coverage – Inflows under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014 and the market value of collateral lent of the item 'Total collateral swaps & collateralised derivatives' as reported in row 010 (ID 1), column 010 of template C 75.00 on Liquidity coverage – Collateral swaps under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.</p> <p>Credit institutions should disclose as the weighted value the sum of the inflows of the item 'Inflows from secured lending and capital market-driven transactions' as reported in row 270 (ID 1.2), column 140, 150 and 160 of template C 74.00 on Liquidity coverage – Inflows under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014 and the inflows subject to the 75% cap on inflows, the 90% cap on inflows and inflows exempted from the cap on inflows reported in row 010 (ID 1), column 060, 070 and 080 of template C 75.00 on Liquidity coverage – Collateral swaps under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.</p> |
| {18} | <p>Inflows from fully performing exposures</p> <p>Credit institutions should disclose as the unweighted value and as the weighted value the sum of the amounts (column 010, 020 and 030 of template C 74.00 on Liquidity coverage – Inflows of Annex XXIV of Commission Implementing Regulation (EU) No 680/2014) and inflows (column 140, 150 and 160 of template C 74.00 on Liquidity coverage – Inflows of Annex XXIV of Commission Implementing Regulation (EU) No 680/2014), respectively, of the items:</p> <ul style="list-style-type: none"> • 'monies due from non-financial customers (except for central banks)' as reported in row 030, ID 1.1.1. • 'monies due from central banks and financial customers' as reported in row 100, ID 1.1.2. • 'monies due from trade financing transactions' as reported in row 180, ID 1.1.4. |

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| | <ul style="list-style-type: none"> ‘inflows corresponding to outflows in accordance with promotional loan commitments as referred to in Article 31(9) of Commission delegated regulation (EU) 2015/61’ as reported in row 170, ID 1.1.3. |
| {19} | <p>Other cash inflows</p> <p>Credit institutions should disclose as the unweighted value and as the weighted value the sum of the amounts (column 010, 020 and 030 of template C 74.00 on Liquidity coverage – Inflows of Annex XXIV of Commission Implementing Regulation (EU) No 680/2014) and inflows (column 140, 150 and 160 of template C 74.00 on Liquidity coverage – Inflows of Annex XXIV of Commission Implementing Regulation (EU) No 680/2014), respectively, of the items:</p> <ul style="list-style-type: none"> ‘monies due from securities maturing within 30 days’ as reported in row 190, ID 1.1.5. ‘assets with an undefined contractual end date’ as reported in row 200, ID 1.1.6. ‘monies due from positions in major index equity instruments provided that there is no double counting with liquid assets’ as reported in row 210, ID 1.1.7. ‘inflows from undrawn credit or liquidity facilities and any other commitments provided by central banks provided that there is no double counting with liquid assets’ as reported in row 220, ID 1.1.8. ‘inflows from the release of balances held in segregated accounts in accordance with regulatory requirements for the protection of customer trading assets’ as reported in row 230, ID 1.1.9. ‘inflows from derivatives’ as reported in row 240, ID 1.1.10. ‘inflows from undrawn credit or liquidity facilities provided by members of a group or an institutional protection scheme where the competent authorities have granted permission to apply a higher inflow rate’ as reported in row 250, ID 1.1.11. ‘other inflows’ as reported in row 260, ID 1.1.12. |
| { EU-19a } | <p>(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)</p> <p>Credit institutions should disclose as the weighted value the inflows (column 140, 150 or 160 of template C 74.00 on Liquidity coverage – Inflows of Annex XXIV of Commission Implementing Regulation (EU) No 680/2014; the columns subject to the 75% and/or 90% cap and/or exempted from the cap on inflows) of the item ‘(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)’ as reported in row 420, ID 1.4.</p> |
| { EU-19b } | <p>(Excess inflows from a related specialised credit institution)</p> <p>Credit institutions should disclose as the weighted value the inflows (column 140, 150 or 160 of template C 74.00 on Liquidity coverage – Inflows of Annex XXIV of Commission</p> |

| | |
|------------|---|
| | Implementing Regulation (EU) No 680/2014; the columns subject to the 75% and/or 90% cap and/or exempted from the cap on inflows) of the item '(Excess inflows from a related specialised credit institution)' as reported in row 430, ID 1.5. |
| {20} | <p>TOTAL CASH INFLOWS</p> <p>Credit institutions should disclose the sum of the unweighted and weighted value of the following items under these instructions:</p> <ul style="list-style-type: none"> • Row {17} Secured lending (e.g. reverse repos) • Row {18} Inflows from fully performing exposures • Row {19} Other cash inflows <p>minus:</p> <ul style="list-style-type: none"> • Row {EU-19a} (Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies) • Row {Eu-19b} (Excess inflows from a related specialised credit institution). |
| { EU-20a } | <p>Fully exempt inflows</p> <p>Credit institutions should disclose as the unweighted value and as the weighted value the amount (column 030) and inflows (column 160), respectively, which are exempted from the cap on inflows of the item 'Total Inflows' reported in row 010, ID 1 of template C 74.00 on Liquidity coverage – Inflows under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.</p> |
| { EU-20b } | <p>Inflows subject to 90% cap</p> <p>Credit institutions should disclose as the unweighted value and as the weighted value the amount (column 020) and inflows (column 150), respectively, that are subject to the 90% cap on inflows of the item 'Total Inflows' reported in row 010, ID 1 of template C 74.00 on Liquidity coverage – Inflows under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.</p> |
| { EU-20c } | <p>Inflows subject to 75% cap</p> <p>Credit institutions should disclose as the unweighted value and as the weighted value the amount (column 010) and inflows (column 140), respectively, that are subject to the 75% cap on inflows of the item 'Total Inflows' reported in row 010, ID 1 of template C 74.00 on Liquidity coverage – Inflows under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.</p> |
| {21} | <p>LIQUIDITY BUFFER</p> <p>Credit institutions should disclose as the adjusted value the value of the item 'Liquidity buffer' as reported in row 010, ID 1 of template C 76.00 on Liquidity coverage –</p> |

| | |
|------|--|
| | Calculations under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014. |
| {22} | <p>TOTAL NET CASH OUTFLOWS</p> <p>Credit institutions should disclose as the adjusted value the value of the item ‘Net liquidity outflow’ as reported in row 020, ID 2 of template C 76.00 on Liquidity coverage – Calculations under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.</p> |
| {23} | <p>LIQUIDITY COVERAGE RATIO (%)</p> <p>Credit institutions should disclose as the adjusted value the percentage of the item ‘Liquidity coverage ratio (%)’ as reported in row 030, ID 3 of template C 76.00 on Liquidity coverage – Calculations under Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.</p> |

26. For the purposes of the elaboration of the template on qualitative information on the LCR in Annex II, credit institutions under the scope of application of these guidelines should consider the text boxes provided in the template as free-text boxes and interpret the items included there, where possible, in accordance with their consideration in the context of the definition of the LCR in Commission Delegated Regulation (EU) 2015/61 and of the additional liquidity monitoring metrics as set out in Chapter 7b of Implementing Regulation (EU) No 680/2014.

4. Accompanying documents

4.1 Draft cost-benefit analysis/impact assessment

Introduction

The EBA is carrying out the development of a harmonised disclosure framework of the LCR, within the general liquidity risk management disclosure framework as defined in Article 435 of the CRR.

The GL include (i) a qualitative and quantitative harmonised table for the disclosure of information on liquidity risk management as laid down by the CRR and (ii) a quantitative harmonised template complemented by a qualitative template, with their corresponding instructions, for the disclosure of information on the composition of the LCR.

Article 16(2) of the EBA Regulation provides that the EBA should carry out an analysis of ‘the potential related costs and benefits’ of any guidelines it develops. This analysis should provide an overview of the findings regarding the problem to be dealt with, the solutions proposed and the potential impacts of these options.

This section presents the assessment of the policy options considered in these GL.

Problem identification

The disclosure requirements under the CRR framework, in particular Article 435, allow for some discretion in the way in which institutions disclose their liquidity positions. As a result, it may not be straightforward for market participants to obtain a clear idea of EU institutions’ liquidity position and liquidity risk management, particularly for the purposes of comparison between institutions. This lack of clarity reduces the impact of market discipline.

In order to increase transparency regarding the management of liquidity risk, to facilitate cross-jurisdictional comparisons and to complement the strengthening of the EU liquidity regulatory framework, these EBA GL envisage common templates by which EU credit institutions should disclose their liquidity position to achieve consistency both in the information disclosed and in its format.

Such standards, however, need to be consistent with those developed by the BCBS under its LCR disclosures standards and with the general conditions of the EU disclosures standards as defined in the EBA Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), (2) and 433 of the CRR.

Objectives of the guidelines

The GL specify the format of the templates that credit institutions should use as well as the information that they should report. They aim to achieve the following objectives:

- to provide a disclosure format that is as uniform as possible, in order to allow meaningful comparisons between entities
- to provide sufficient granularity and quality in disclosures so that market participants have sufficient elements to assess EU banks' liquidity positions and risk management
- to strengthen the EU liquidity risk management and regulatory framework.

Policy options considered

While drafting the present regulation, the EBA considered several policy options under three main areas:

1) Scope of application and disclosure formats (proportionality approach)

The EBA has assessed the convenience of both keeping or not keeping a consistent scope of application between these GL and those on general disclosure requirements (EBA/GL/2016/11), which set out harmonised disclosure formats for other risk areas. EBA/GL/2016/11 basically apply to systemic institutions and to those that decide to follow them on a voluntary basis or those that are required to do so by a supervisory decision.

The EBA has considered that, in any case, a simplified disclosure template, composed of only the LCR figure, the liquidity buffer and net outflow amounts, should apply for non-systemic institutions. This is in order to develop precisely only the key figures (as envisaged in Article 435(1)(f) of the CRR) of the LCR of these institutions. It is inherent to their own classification as non-systemic credit institutions that their impact in markets, derived from their liquidity risk profile, is totally different from that of systemic institution. Accordingly, the interest of market participants is also different. Consequently, the key figures of the LCR to be disclosed by systemic and non-systemic credit institutions are also different.

The EBA considered two main options in the definition of the scope of application. This needs to be understood in the context that it cannot exceed the level of LCR requirement in the LCR Delegated Act:

Option A: To envisage harmonised disclosure templates for only those credit institutions within the scope of application of the 2016 general guidelines on disclosure requirements.

Under this option, consistency would be kept with respect to which credit institutions would need to use generally harmonised disclosure templates.



Option B: To envisage harmonised disclosure templates for all credit institutions

Under this option, all institutions would be subject *ex ante* to some harmonised disclosure requirements.

2) Disclosure frequency

Article 433 CRR requires disclosures to be performed ‘at least on an annual basis’ but also envisages that institutions ‘shall assess the need to publish some or all disclosures more frequently than annually’. Taking this into account, the EBA has considered two possibilities regarding the disclosure frequency for the LCR.

Option A: To indicate that credit institutions pay special attention to some specific items in the case of more frequent disclosures.

These items would constitute the minimum necessary items to be assessed to be more frequently disclosed because of their proneness to rapid changes in the context of a volatile stressed LCR, although credit institution will make a final decision on those items that are to be disclosed more frequently.

Option B: Not to make any consideration for special attention

Under option B, the EBA would leave to the full discretion of institutions the items to be assessed for more frequent disclosures.

3) Methodology for calculation of the LCR disclosed data

The determination of the methodology for the calculation of the disclosed LCR has to find the right balance between ensuring comparability and maximum accuracy in the calculation of the LCR position and avoiding unnecessary burden and complexity. In this regard, two options have been considered by the EBA.

Option A: Averages based on daily reporting observations

Option A would require institutions to disclose quarterly averages of the LCR components based on daily observed reporting data.

Option B: Averages based on 12 monthly reporting observations

Option B would require institutions to disclose averages of the LCR components based on 12 monthly reporting data items.

Cost and benefit analysis

a. General assessment

BENEFITS

The templates proposed in these GL will provide investors, markets and stakeholders with new information on the LCR positions, composition and drivers of change. This additional key information should enable them to better assess institutions' liquidity positions, thereby increasing market discipline and enhancing liquidity risk management within the EU.

COSTS

The main costs for institutions will be related to setting up processes that allow them to produce, and to publish, the required disclosure templates. The costs will be driven by the complexity of the available resources required to produce and disclose the requested information.

However, it should be noted that the additional costs incurred in producing the disclosed data are expected to be limited, as the disclosure data can be directly extracted from the ITS on liquidity supervisory reporting.

Table 1 – Summary of the general costs and benefits of the GL:

| Options | Cost | Benefits |
|----------------------|--|---|
| Institutions | Compliance cost to produce and publish the disclosure templates: <ul style="list-style-type: none"> - data collection - data processing - record keeping - monitoring. | Enhanced market discipline: <ul style="list-style-type: none"> - reduced risk appetite - improved market confidence in institutions (i.e. better access to funding). |
| Market and investors | None. | Improve capacity to compare institutions and to assess their ability to meet their financial obligations: <ul style="list-style-type: none"> - reduce asymmetry of information between stakeholders and institution - allow a better allocation of capital and liquidity in the financial market. |

b. Assessment of the policy options

Table 2 shows the advantages and disadvantages of each of the options considered in these GL.

Table 2 – Summary of the advantages and disadvantages of the policy options:

| Area | Options | Advantages | Disadvantages |
|--------------------------------|---|--|---|
| 1) Scope of application | <p>Option A: Consistency with EBA/GL/2016/11</p> | <ul style="list-style-type: none"> - The scope of application of these GL to provide harmonised templates on liquidity risk is consistent with those in other risk areas. - The approach is flexible and open, since, even though this scope of application is mainly addressed to systemic credit institutions, other institutions can apply it on a voluntary basis and, in addition, the supervisory authority can decide to apply it. This flexibility can ensure comparability. | <ul style="list-style-type: none"> - There is a potential lack of comparability of disclosures of those credit institutions that, despite needing to disclose key ratios and figures under Article 435(1)(f) CRR, do not fall within the scope of application and do not apply the harmonised template on a voluntary basis. |
| | <p>Option B: All credit institutions</p> | <ul style="list-style-type: none"> - The comparability of key ratios and figures among credit institutions is ensured since all of them would use harmonised templates. | <ul style="list-style-type: none"> - The scope of application in these GL would deviate from the general approach for the other risk areas. |
| 2) Frequency of the disclosure | <p>Option A: Special consideration to be given to some items for more frequent than annual</p> | <ul style="list-style-type: none"> - The volatility of the short-term stressed LCR would be particularly captured | None. |

| | | | |
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| | disclosures | in those main items that are prone to rapid changes and to which special attention should be paid. | |
| | Option B: No special consideration to be given to specific items for more frequent than annual disclosures | <ul style="list-style-type: none"> - Give institutions the possibility to equally assess all potential items to be disclosed on a more frequent basis than annually based on their business models and risk exposures and the frequency itself. | <ul style="list-style-type: none"> - This option may not ensure maximum harmonisation in the implementation of the LCR disclosure requirements, as the items to be disclosed more frequently would not have a common pattern to which to refer. |
| 3) Methodology for data calculation | Option A: Averages based on daily observations | <ul style="list-style-type: none"> - Would maximise the number of data points to be used for the purposes of maximising the accuracy of disclosures and the avoidance of outliers. | <ul style="list-style-type: none"> - The methodology would be very data intensive. - The comparability of the outcome would not be possible with other financial publications based on non-daily data. - The outcome of this approach would not be comparable with monthly supervisory reports. This prevents the data from reinforced mechanisms for its cleaning, which are inherent to the own supervisory process and application of validation rules in the reporting exercise. |
| | Option B: Averages based on monthly observations | <ul style="list-style-type: none"> - Would be less data intensive based on data that has been used for reporting purposes. - A reasonable number of monthly observations would | <ul style="list-style-type: none"> - This option would not benefit from the benefits of employing a larger number of observations. |

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| | | <p>still provide accurate disclosures.</p> <ul style="list-style-type: none"> - The comparability of disclosures to other public financial information based on monthly data is ensured. - The disclosures are comparable to the monthly supervisory reports. This provides instruments by which to reinforce the quality of the data (validation rules, supervisory review). | |
|--|--|---|--|

Preferred options

Based on the previous assessment, the following options have been preferred:

- **Options 1A:** Option 1A ensures consistency with the general scope of application of harmonised disclosure formats in EBA/GL/2016/11 for the various risk areas. Even though all credit institutions (except institutions waived under the CRR) are subject to the disclosure of key ratios and figures on liquidity risk pursuant to Article 435(1)(f) of the CRR, the scope of application of these GL under option 1A requires the application of harmonised templates to only some of them. This means that, a priori, a fully harmonised disclosure framework on liquidity risk for all credit institutions cannot be ensured. However, the definition of the scope of application of these GL under option 1A envisages the possibility that those credit institutions that are not required specifically *ex ante* to employ harmonised templates can adhere to them on a voluntary basis by using the simplified template. This would provide proper comparability and transparency in the markets with regard to the disclosure of key ratios and figures on liquidity risk among all credit institutions.
- **Option 2A:** Option 2A would allow for a more harmonised assessment approach on more frequent disclosures on items that are prone to rapid changes.
- **Option 3B:** To ensure comparability with other public financial information and supervisory reports while still expecting a good degree of accuracy of the results, the EBA finds option 3B preferable.



4.2 LCR mapping template

The EBA has published a mapping template between the LCR reporting and disclosure templates. This mapping template is for information purposes only and in no situation may the disclosure be substantiated by it. It is not part of the GL and has no legal value. Institutions are responsible for their disclosures following the templates and the instructions provided in these GL.

5. Feedback on the public consultation and on the opinion of the Banking Stakeholder Group (BSG)

The EBA publicly consulted on a draft proposal on guidelines on LCR disclosure.

The consultation period lasted three months and ended on 11 August 2016. A total of 25 responses were received, of which 20 were published on the EBA website.

This paper presents a summary of the key points and other comments arising from the consultation, the analysis and discussion triggered by these comments and the actions taken to address them if deemed necessary.

In many cases, several industry bodies made similar comments or the same body repeated its comments in response to different questions. In such cases, the comments, and the EBA's analysis, are included in the section of this paper where the EBA considers them most appropriate.

Changes to the draft guidelines have been incorporated as a result of the responses received during the public consultation.

Summary of key issues and the EBA's response

The vast majority of the respondents strongly objected to a methodology for the calculation of disclosures based on daily observations. They argue that the implementation of the approach would not be economically sustainable by banks on an ongoing basis, that the accuracy of the disclosures would be challenged and that the disclosures would not be comparable to other information published. Instead, they recommend using monthly data for disclosure purposes.

Most of the respondents requested a postponement of the application date, initially suggested to be in June 2017, to allow for a proper implementation of the GL.

Most of the respondents argued that the information requested in the templates is too granular and, in some cases, irrelevant for disclosure. Some of them also stated that for some elements disclosure could reveal confidential information, particularly when related to business strategies.

A number of respondents suggested reducing the scope of application to only consolidated groups and a good number of respondents explained that, under the proposed scope of application, smaller banks should be required to disclose only a simplified LCR disclosure template.



The EBA agreed to modify the final GL on the following aspects: the methodology has been amended and the disclosures are finally calculated as averages of monthly observations to allow for proper comparisons between them and other monthly data based on financial information, the date of application has been postponed to December 2017, the scope of application has been adapted to that in EBA/GL/2016/11 on disclosure requirements, and differentiated templates are envisaged for systemic and non-systemic institutions.

The feedback table below includes these aspects in detail, an EBA analysis of them and the amendments considered in the GL.



Summary of responses to the consultation and the EBA's analysis

| Comments | Summary of responses received | EBA analysis | Amendments to the proposals |
|--|--|--|-----------------------------|
| General comments | | | |
| LCR disclosure and the LCR corrigendum | One respondent requests that the LCR corrigendum is considered in time to prevent banks from preparing disclosures in accordance with different standards. | The disclosure requirements of key ratios and figures envisaged in Article 435 of the CRR are already applicable, where at least the LCR figure should be understood in, and the further development of the LCR figure in a harmonised manner is pending until the final application of these GLs. The EBA acknowledges the request to take into consideration the forthcoming LCR corrigendum; However, neither the exact date of adoption of the corrigendum nor the date of its application can be assured at the moment of the elaboration of these GL; therefore, it is not possible to postpone the issuance of the GL. The EBA is aware of the fact that any future amendments to the LCR Delegated Regulation (EC) 2015/61 will result in the necessity of these GL being updated. | No change. |



| Comments | Summary of responses received | EBA analysis | Amendments to the proposals |
|--|--|---|---|
| Disclosure requirements before the GL are applicable | One respondent assumes that national competent authorities would not require disclosures of LCR information until the GL are applicable. | Part Eight of the CRR refers to 'Disclosure by institutions'. The requirement to disclose information regarding the risk management objectives and policies for each separate category of risk, including their key ratios and figures, where liquidity risk should be considered, is already envisaged and applicable under Article 435 of the CRR. The purpose of these GL is therefore only to provide credit institutions with specific guidance for the further development of disclosure of the LCR in a more unified manner in order to harmonise the general disclosure requirement established in the CRR. | No change. |
| Validation spreadsheet | At least two respondents suggest that the EBA prepares a validation spreadsheet that maps the relevant supervisory reporting forms to the LCR disclosure template. | The EBA recognises the benefits of a validation spreadsheet, which would link the supervisory reporting templates with the LCR quantitative disclosure template. Such a spreadsheet has been developed | A mapping template has been published, does not form part of the GL and does not have any legal value, as credit institutions are responsible for the disclosure template published and are |



| Comments | Summary of responses received | EBA analysis | Amendments to the proposals |
|-----------------------|--|---|--|
| Legal basis of the GL | <p>Three respondents consider that the requirements on disclosure are far reaching compared with the level 1 regulation on LCR. One respondent considered that Article 435(1)(f) is not a sufficient legal foundation for EBA GL to harmonise disclosure specifications. They think that EBA GL are not the appropriate legislative level and that an amendment of the CRR would be necessary. Another respondent notes that, within the EU, administrative agencies have no authority to impose Pillar 3 disclosure requirements on their</p> | <p>and published with these GL as a mere validation tool for operational purposes but without any legal force and without preventing credit institutions from necessarily following the instructions in these GL for the elaboration of the templates included.</p> <p>Article 16 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC, envisages that the EBA shall issue guidelines with a view to establishing consistent, efficient and effective supervisory practices within the ESFS and to ensuring the common, uniform and consistent application of Union law. These GL specify the LCR disclosure required by Regulation (EU) No 575/2013</p> | <p>obliged to follow the instructions of the GL.</p> <p>No change.</p> |



| Comments | Summary of responses received | EBA analysis | Amendments to the proposals |
|-----------------------------|---|--|-----------------------------|
| | <p>own initiative directly on companies, since requirements aimed at introducing market discipline can be imposed only by means of level 1 legislation.</p> | <p>(CRR) by providing harmonised templates for that disclosure, which may be considered as a key ratio of liquidity risk in Part Eight, Article 435(1) of the CRR on disclosure. The GL do not add any new elements of disclosure to the CRR but function as the basis for greater harmonisation with regard to the liquidity risk disclosure. It should be noted that the proposals from the European Commission to amend the CRR and CRD, published on 23 November 2016, mandate the EBA in Article 434a (1) to develop standardised disclosure templates covering all substantive disclosure requirements set out in Regulation (EU) No 575/2013, including with regard to disclosure of the LCR in its Article 451a.</p> | |
| <p>Addressees of the GL</p> | <p>A respondent states that ‘The EBA Regulation explicitly states that Guideline need to be “addressed to competent authorities or financial</p> | <p>Article 16(1) of Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a</p> | <p>No change.</p> |



| Comments | Summary of responses received | EBA analysis | Amendments to the proposals |
|---|--|--------------|-----------------------------|
| <p>institutions”’, which, in its view, means that they cannot be addressed to both competent authorities and financial institutions at the same time.</p> | <p>European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC, states that that the EBA can ‘issue guidelines and recommendations addressed to competent authorities or financial institutions’. Furthermore, Article 16(3) of that same regulation states that ‘The competent authorities and financial institutions shall make every effort to comply with those guidelines and recommendations.’ As a result, GL can be addressed to competent authorities only, to financial institutions only or to both competent authorities and financial institutions, and there is nothing in the EBA Regulation that could suggest the exclusion of any of these options.</p> | | |



Comments

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Responses to questions in Consultation Paper EBA/CP/2016/06

Question 1: Do respondents have any comment to the scope of application of the draft guidelines?

Some respondents asked for a more specific definition of the scope of application with concrete references to solo/consolidated disclosure requirements, liquidity subgroups, LCR waived institutions and significant institutions of EU parent institutions.

Some respondents consider that the scope of application should be confined to consolidated groups for reasons of proportionality and in order to be aligned with Basel. At the same time, one respondent points out that due consideration should be given to the way in which banks manage their liquidity for the determination of the scope of application.

One respondent suggests that smaller banks be exempted from disclosure requirements on the

The scope of application of these GL has been amended for reasons of proportionality and consistency to ensure that only relevant information for market participants is disclosed. The GL apply to credit institutions that have to comply with the disclosure requirements set out in the EBA GL on disclosure requirements (EBA/GL/2016/11) and which are covered by Commission Delegated Regulation (EU) 2015/61. Paragraph 7 of the GL defines its scope of application as a reference to those legal texts in order to ensure a precise legal definition of it.

The wider scope of application of the general disclosure requirements envisaged in Part Eight of the CRR is already defined in the CRR itself and, as such, cannot be changed by these GL.

The definition of the scope of application has been amended so that the GL make a clear differentiation between systemic and non-systemic institutions. This means that the definition of key figures in the context of Article 435 (1)(f) of the CRR should be different for these two type of institutions. In light of this, only the figure of the LCR itself, the amount of the liquidity buffer and the amount of the net outflows are considered in these GL as key figures in the case of non-systemic institutions (i.e. institutions not defined as either G-SIIs or OSIIs) constituting themselves a simplified LCR disclosure template for these credit institutions.



| Comments | Summary of responses received | EBA analysis | Amendments to the proposals |
|---|---|--|--|
| | basis that they generally pose low risk, have low complexity and are not publicly traded companies. | Article 432 of the CRR allows institutions to omit the disclosure of information, which is non-material, proprietary or confidential, based on their own assessment, following the criteria set out in this Article and in the EBA GL on materiality, proprietary and confidentiality and on disclosure frequency under Article 432(1), 432(2) and 433 of Regulation (EU) 575/2013. | |
| Question 2: As currently foreseen, the application date will be in June 2017. Do respondents find the date of application of the guidelines appropriate? | <p>Most of the respondents consider that the application date should be postponed until the full LCR requirement (100%) is in place in 2018, to make the interpretation of the disclosures easier for end users.</p> <p>Additionally, the respondents considered that, should the methodology proposed based on daily observations remain, the application date should be further postponed to allow for a timely</p> | <p>The argument to postpone the application date until the LCR has become fully applicable from January 2018 does not seem relevant from the disclosure regime perspective since the LCR requirement is in place as well as the general disclosure requirement on key ratios and figures as per Article 435(1) of the CRR.</p> <p>However, for reasons of consistency with EB/GL/2016/11 on disclosure requirements, which envisage an application date of</p> | The application date of the guidelines has been amended and postponed from June 2017 to December 2017. |



| Comments | Summary of responses received | EBA analysis | Amendments to the proposals |
|--|---|--------------|-----------------------------|
| <p>implementation.</p> <p>Some respondents ask for clarification on the definition of the application date, particularly on whether it refers to the first data point to be considered in the subsequent disclosure or to the first potential disclosure date of templates and tables, which could be based on data even prior to it. In this regard, some respondent state that the first data point to be used for the calculation of the disclosures should not be earlier than the date of publication of the GL or that of the application date in order to provide sufficient time for the implementation of calculation of daily observations. To enable this, a respondent has even suggested a new wording as follows: 'These guidelines apply from [2 months] from the date of publication of the guidelines in all EU official languages. The final</p> | <p>31 December 2017, the GL on LCR disclosure will apply from 31 December 2017.</p> <p>The EBA would like to clarify that the application date refers to the date on which institutions should commence disclosure of the LCR in line with these GL. The disclosure date will depend on the date of publication of the financial statements (in the case of annual disclosure in accordance with Article 433 of the CRR). Paragraph 19 of the GL outlines the information to be disclosed and its reference dates for which the transitional provision in the GL is pertinent. The reference dates and the monthly observations to be used could happen to be prior to the application date of the GL.</p> <p>The LCR disclosure framework is primarily based on the provisions of Part Eight of the CRR and should be regarded as part of Pillar 3. Therefore, the same rules apply as</p> | | |



| Comments | Summary of responses received | EBA analysis | Amendments to the proposals |
|---|---|--|-----------------------------|
| | <p>factual date ('dd month year') will be inserted on the day of the publication on the EBA website] on all disclosures for periods which end after that date.').</p> <p>Some respondents also ask whether the LCR disclosure will form part of the general Pillar 3 report, in which case some explanation of the interaction between them is requested along the following lines: would only those institutions releasing the Pillar 3 report after June 2017 need to disclose on LCR in 2017? And, if the Pillar 3 report is released before June 2017, would any final changes to the report be needed?</p> | <p>regards the general requirements for disclosures, including the timeline for publication, which should be linked to the date of publication of the financial statements (in the case of annual disclosure).</p> | |
| <p>Question 3: Do respondents consider that the transitional period is sufficiently clear?</p> | <p>Some respondents request that the first disclosure reference dates as well as the date of the effective release be specified in the GL for clarification.</p> | <p>As already mentioned above, the application date is the date from which the LCR disclosure should take place. The institutions should publish the LCR disclosure in conjunction with the date of publication of the</p> | <p>No change.</p> |



| Comments | Summary of responses received | EBA analysis | Amendments to the proposals |
|---|--|--|-----------------------------|
| | <p>They also request that the dates of the data points that need to be used for the first disclosures be specified in the GL for reasons of clarity.</p> | <p>financial statements, whereas the disclosed values and figures should follow paragraph 19 of these GL.</p> | |
| <p>Question 4: Do respondents have any comment relative to the proposed LCR related items prone to rapid change?</p> | <p>Some respondents are of the view that the GL should not refer to any specific item to which special attention should be paid in terms of being subject to rapid changes for the purposes of more frequent than annually disclosure. They argue that this should remain flexible to allow banks to make their own assessment. However, other respondents argue that allowing such flexibility can potentially challenge a level playing field. Others consider the proposed items sufficient for a more frequent disclosure. One respondent adds that there is no benefit in requiring more frequent than annual disclosures from non-systemically important institutions from the</p> | <p>By referring to a minimum set of items (LCR figure and the amount of the liquidity buffer and of the net outflows whose proneness to rapid changes does not seem to be questioned) the GL ensure, consistently with EBA/GL/2014/14, a minimum harmonised assessment of the need to disclose more frequently than annually. Nevertheless, it needs to be understood in the context of the power to assess the need for more frequent disclosure bestowed on banks by Article 433 of the CRR.</p> | <p>No change.</p> |



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perspective of end users on top of the burden it would pose for the banks. Overall, the volatility and proneness to rapid changes of the LCR and its main components, liquidity buffer and net outflows is not challenged by respondents.

Question 5: Do respondents have any comment relative to the content of the table in Annex I of the draft guidelines and the way to display it?

Some respondents report some objections to the content, format and location of the table for the following reasons:

Content:

- It could pose a potential departure from Basel since the information to be included is mandatory and the table would lose the flexibility envisaged in the Basel text to include only the information relevant to the institution in the context of its business model.
- The information required is considered too granular and

The content of the table included in Annex I reflects the information required under Article 435 (1) of the CRR with respect to liquidity risk and, as such, cannot be changed. The GL indeed do not remove or add new elements but are simply intended to provide a harmonised placeholder for the content. Although the content of Annex I is displayed in the format of a table, it maintains the features of a free-text format. The mandatory compliance with the disclosure of the items therein envisaged remains the same as in the CRR.

The CRR envisages 'disclosure waivers' if the information envisaged by such disclosures is not regarded as material or if it is regarded as proprietary or confidential. Therefore,

No change.



| Comments | Summary of responses received | EBA analysis | Amendments to the proposals |
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| <p>could create misunderstandings and misinterpretation in some end users, which is contrary to the aims of transparency. It could release sensitive management strategies with unintended consequences in terms of competitors' reactions in anticipation of measures to be taken, exacerbating market confidence under conditions of stress, thus creating new vulnerabilities and distorting the level playing field on a global scale.</p> <ul style="list-style-type: none"> • Other key figures and ratios, which should be disclosed in addition to those already disclosed in Annex II of the GL, are considered disproportionate by two respondents. In addition, according to one respondent, these ratios and figures might not be comparable if based on internal models and, as such, | <p>institutions are allowed to omit one or more of the required disclosures, following the criteria set out in Article 432 of the CRR and in the EBA GL on materiality, proprietary and confidentiality and on disclosure frequency.</p> <p>The EBA is of view that the format of disclosure proposed in Annex I enhances the transparency of the information provided and enables presentation of the relevant information in a simple and comprehensive manner. What is more, the granularity of the information to be disclosed is consistent with the standards developed by the BCBS, where this general information on liquidity risk management is proposed to be disclosed.</p> | | |



| Comments | Summary of responses received | EBA analysis | Amendments to the proposals |
|----------|---|--------------|-----------------------------|
| | <p>should be disclosed voluntarily.</p> <ul style="list-style-type: none"> Some respondents think that the information is already required in the Pillar 3 report under Article 435 of the CRR and in the ILAAP (internal liquidity adequacy assessment process) and question its disclosure here, while two other respondents propose that the information required under these GL and the Pillar 2 framework be integrated for the sake of consistency and to avoid duplicate requirements. <p>Format and location:</p> <p>Some respondents think that the qualitative information to be disclosed is too extensive to be presented in a table. They argue that it should be up to the credit institutions to decide on the structure of the information provided. One respondent thinks</p> | | |



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that it is not in line with disclosures in Part Eight, which should be in a free-text format. Another respondent suggests including this information in the general financial information or risk reports and making only a reference to them here. One respondent asks for clarification over whether the table should be understood as a summary of the CRR requirement itself, which would be disclosed somewhere else, or if it represents the disclosure requirement itself, suggesting at the same time that the table should be removed as it does not provide any new information.

Question 6: Do respondents have any comment on the content of the LCR disclosure template in Annex II?

Some respondents consider that the information is too granular. The potential volatility of the LCR and of some of its components detailed here could create misunderstanding for end users, which would be counterproductive

It ought to be noted that the BCBS *Liquidity coverage ratio disclosure standards* served as a benchmark for the development of the quantitative disclosure template in Annex II as well as for the list of supplementary qualitative information items regarding the LCR.

The GL envisage the fully fledged template for LCR disclosure in the case of systemic credit institutions, whereas a simplified template is foreseen for non-systemic



| Comments | Summary of responses received | EBA analysis | Amendments to the proposals |
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| | <p>for transparency purposes, since it could exacerbate market confidence in the case of stress scenarios. Some think that the information would need to be generally limited to the LCR itself, its numerator and denominator, as the credit institutions are obliged to comply with the LCR only and there are no further limits concerning the level or volatility of its components.</p> | <p>A simplified LCR disclosure template, composed by the LCR, liquidity buffer and net outflows figures only, has been added for credit institutions other than G-SIIs and O-SIIs.</p> <p>The information in the templates is in principle considered a key disclosure by the institutions defined in the scope of application of these GL for the benefit of market participants in the context of their decision-making processes. However, the CRR provides institutions with the power to omit the disclosure of those items that may be considered irrelevant under the terms indicated by Article 432 of the CRR and EBA/GL/2014/14.</p> | <p>credit institutions. This simplified template contains only the figure of the LCR itself, the amount of the liquidity buffer and the amount of the net outflows.</p> |
| <p>Question 7: Do respondents have any comment relative to the content of the template on qualitative information on LCR?</p> | <p>Overall, some respondents suggested that the information envisaged here is too detailed and should be confined to those items that merit an explanation following banks' assessments. In their view it would provide the flexibility envisaged in the Basel text. Some</p> | <p>The information included in the template on qualitative information on the LCR is not necessarily expected to enter into confidentiality issues. In any case, the CRR provides institutions with the possibility to assess and decide upon the type of information not to be disclosed either because it is not material or because it is</p> | <p>Row 5 of the qualitative template in Annex II has been amended for clarification purposes</p> |



| Comments | Summary of responses received | EBA analysis | Amendments to the proposals |
|--|--|--------------|-----------------------------|
| <p>respondents think that the ILAAP already outlines some of this information, or that the qualitative disclosure is already envisaged under the CRR and that, therefore, the GL are not needed in this regard. Others ask for further clarification on the content that should be disclosed in the various items envisaged here. Some respondents are of view that the information requested to be disclosed in this annex deals with the business strategy of the firms and is too sensitive to be disclosed, especially under conditions of stress.</p> <p>On ‘A description of the degree of centralisation of liquidity management and interaction between the group’s units’ and ‘Concentration of funding and liquidity sources’, some respondents are of view that this information exceeds the LCR and is</p> | <p>proprietary or confidential on a case-by-case basis.</p> <p>With regard to the possible overlap with ILAAP, it has to be noted that the final recipients in these two cases are different – the LCR disclosure is intended for market participants, not for supervisors.</p> <p>The EBA explains that the qualitative information referred to in Annex II is relevant only if any of the factors mentioned therein affect the LCR. As opposed to the qualitative information required in Annex I, which refers to the liquidity risk in more general terms, it should be assessed under a stress scenario, which is inherent to the LCR. What is more, the qualitative information in Annex II draws in particular from the BCBS LCR disclosure standards.</p> <p>Row 5 of the qualitative template in Annex II was changed in order to clarify that the reference to ‘LCR common template’ is related to the disclosure template. Therefore, the item refers only to items</p> | | |



| Comments | Summary of responses received | EBA analysis | Amendments to the proposals |
|----------|---|--|-----------------------------|
| | <p>related to general liquidity issues, which should be considered to be envisaged in Annex I. Some respondents mention that including the concentration of funding with regard to funding due within 30 calendar days is inappropriate and should be removed from the table.</p> <p>With regard to ‘Other inflows and outflows in the LCR calculation that are not captured in the LCR common template but which the institution considers to be relevant for its liquidity profile’, a respondent asks whether the reference to ‘LCR common template’ is related to the LCR supervisory template or to the disclosure template. On the same topic, two other respondents think that the LCR is designed to ensure a comprehensive picture of an institution’s liquidity situation within the next 30 days under</p> | <p>inherent to the calculation of the LCR that are not broken down in the LCR disclosure template.</p> | |



EBA analysis

| Comments | Summary of responses received | EBA analysis | Amendments to the proposals |
|--|---|--|-----------------------------|
| | <p>conditions of stress. Therefore, there cannot be any other significant inflows and outflows that are not taken into account for the calculation of the LCR.</p> | | |
| <p>Question 8: What information from Annex II, if any, would respondents consider irrelevant for LCR disclosure purposes?</p> | <p>Some respondents suggest deleting rows 19a, 19b, 20a, 20b and 20c, arguing that such granular information might increase the risk of misunderstanding and the wrong conclusions being made by market participants, particularly those from outside the EU.</p> <p>Other respondents suggest deleting the breakdown between stable/non-stable retail deposits and operational/non-operational deposits as well as weighted and non-weighted amounts on the basis that this information is too sensitive and could be misunderstood, considering that end users could not be very familiar with it. They suggest, instead, a</p> | <p>The content of Annex II is in line with the BCBS standards on the LCR disclosure. It has been supplemented by several EU-specific rows that reflect specific aspects of the EU LCR, which cannot be captured by the BCBS template and are necessary to better approach the calculation of the EU LCR due to the differences occurring between the Basel and the European LCR.</p> <p>If institutions consider the information to be disclosed as non-material, proprietary or confidential, they may omit one or more of the required disclosures in accordance with Part Eight of the CRR. The assessment should follow on a case-by-case basis.</p> <p>The quantitative disclosure template in Annex II is consistent with the LCR required under the Delegated Regulation (EC)</p> | <p>No change.</p> |



| Comments | Summary of responses received | EBA analysis | Amendments to the proposals |
|----------|--|--|-----------------------------|
| | <p>simplified disclosure of the LCR figures and the amount of HQLA, outflows and capped inflows to avoid an excessive granularity where the due confidentiality could be challenged, since some items reveal, in their view, significant aspects of business strategies.</p> <p>Two respondents suggest a redenomination of row 19 to 'Other cash inflows (fully performing)' to avoid the impression that liquidity inflows from non-performing exposures have to be entered here. Alternatively, the designation for row 18 could be modified accordingly.</p> <p>As the relevance of qualitative information varies among institutions, one respondent expects the level and depth of disclosure to be adjusted in line with the proportionality principle.</p> | <p>2015/61, according to which only inflows from fully performing loans can be taken into consideration in the calculation. The instructions in Part 2 of Annex III provide references to the specific items reported for the supervisory purposes in accordance with Annex XXIV of Commission Implementing Regulation (EU) No 680/2014.</p> | |



| Comments | Summary of responses received | EBA analysis | Amendments to the proposals |
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| | <p>Some respondents raise concerns over materiality and business secrecy with regard to the content of paragraph 18 of the GL. Others argue that the requirement for qualitative disclosure is already envisaged under the CRR and that it is, therefore, no longer necessary to include it in the GL.</p> | | |
| <p>Question 9: What information would respondents like to see added to the LCR disclosure requirements?</p> | <p>One respondent would like rows to identify intragroup funding, collateral swaps and securities funding.</p> <p>Two respondents suggest including the most recent LCR figure in addition to the historical values.</p> <p>One respondent suggest that banks should be required to explain the reasons for significant changes in the LCR.</p> <p>Other respondents see no reason for any additional information to</p> | <p>In the event that an institution wishes to disclose more items than those envisaged in the quantitative template in Annex II, it can include such information in the qualitative template in Annex II (if the information refers to the LCR and therefore is assessed under stress scenarios), for example, in ‘Derivative exposures and potential collateral calls’ or in ‘Other inflows and outflows in the LCR calculation that are not captured in the LCR common template but which the institution considers to be relevant for the liquidity profile’.</p> <p>Row 5 of the qualitative template in Annex II was redrafted in order to allow a</p> | <p>Row 5 of the qualitative template in Annex II has been amended for clarification purposes.</p> |



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| | <p>be added to the LCR disclosure requirement. One would expect the reduction in the disclosure requirements.</p> | <p>wider range of possible comments regarding the LCR.</p> | |
| <p>Question 10: Do respondents find the general instructions in Annex III sufficiently clear for the development of the disclosure template?</p> | <p>Generally, respondents perceive the general instructions in Annex III to be sufficiently clear.</p> <p>One respondent suggests that the instructions should clearly state that if certain rows or columns are not relevant to an institution and are left empty as a result, the institution does not have to disclose this.</p> | <p>Article 432 of the CRR already provides institutions with the possibility to omit the disclosure of information that is not material, proprietary or confidential; therefore, the EBA thinks that there is no further need to elaborate on this in the GL.</p> | <p>No amendments other than those related to the changes in the methodology as referred to by question 11 below.</p> |
| <p>Question 11: In accordance with Article 4 of Commission Delegated Regulation (EU) 2015/61, the LCR needs to be met at any time whereas Article 15(1) of Commission Implementing Regulation (EU) No 680/2014 requires a monthly frequency of LCR reporting. The suggested</p> | <p>The vast majority of the respondents object to the methodology suggested based on averaged disclosures using daily observations and instead suggest using either averaged disclosures using monthly observations or month-end observations (supplemented by the statement of</p> | <p>The EBA would like to emphasise that Article 4(4) of the LCR Commission Delegated Regulation envisages that a credit institution for which the LCR has fallen or can be reasonably expected to fall below 100%, at any time, shall immediately notify the relevant competent authorities.</p> <p>The EBA has reconsidered the approach that</p> | <p>The methodology to be applied has been amended. The GL now envisage disclosures calculated as simple averages of 12 month-end observations rather than averages based on daily observations.</p> |



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| <p>approach for the LCR disclosure template is based on averaged values over daily observations based on the reporting templates. Particularly considering that the most recent data needed would be from the quarter prior to the disclosure date, do respondents consider that this approach is, from a practical point of view, operationally feasible meaning that the accuracy of the daily reporting observations for the calculation of the averages can be ensured? Do respondents consider that this operational feasibility could depend on the size of the credit institution or could be different in the case of solo or consolidated data?</p> | <p>the institution about its compliance with the regulatory requirement) as disclosures themselves, for different reasons. Some respondents raise concerns over the methodology, particularly with respect to smaller banks, and other respondents raise concerns with respect to large and internationally active banks, arguing that it is difficult to gather all the information within complex entities, particularly with regard to consolidated data:</p> <ul style="list-style-type: none"> • Complexity and data quality: in the respondents' opinions, the methodology is characterised by data-intensive requirements, which create great operational complexity and burden and which, in turn, could produce proxies that can be valid only for LCR monitoring but not for disclosure purposes. In their view, daily data is not available | <p>should be followed for the calculation of the disclosures and has replaced it with a methodology based on the average of 12 month-end observations, which aims to facilitate comparability with other public financial information, of monthly frequency, and with monthly supervisory reporting for the benefit of an appropriate supervisory review. Twelve month-end observations are considered a sufficiently representative sample for the purposes of disclosure.</p> | |



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in many cases in practice (e.g. accountancy data, separation of deposits insured by DGS, OBS items, exposure classes and risk weights are determined monthly or data from subsidiaries for consolidated purposes is produced only monthly) and only proxies could be used for them based on raw data from treasury and accounting systems, which is not cleaned, not reconciled with the accounting data, not audited by supervisors and prepared manually. They argue that monthly reporting still has some remittance period. In their view, fewer data observations should lead to more a reliable calculation of averages.

- Cost: the employment of daily observations would be very costly in terms of IT developments, information



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storage and process enhancements with the granularity of the template. From one bank's estimates, it would increase its annual operating expenditure by 1%, which would be sustainable for a short period of time (e.g. during a time of liquidity stress) but it would add a significant and unsustainable cost burden over the long term.

- Legal basis: reporting is required only on a monthly basis and using daily observations would go beyond the reporting legal requirements, except in the case envisaged in Article 414 of the CRR for non-compliant banks. They are of the view that, even though LCR compliance is required at any time (similarly to other prudential requirements), this does not imply that the LCR calculation



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needs to be made on a daily basis but that a daily LCR monitoring would suffice via other control mechanisms. For instance, LCR compliance could be ensured with a HQLA buffer that is sufficiently extensive to absorb the volatility of the cash flows between the monthly calculation dates.

- Usefulness: the reliability of disclosures would not be reinforced by using daily observations rather than monthly ones. Instead, it may lead to misunderstanding among market participants. They consider that the LCR volatility is not so great between two month-end dates.
- Comparability: there is a lack of comparability between the disclosed figures and the LCR figures reported to the supervisor and also with respect



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| | to those published in the general financial statements. | | |
| | A few respondents consider that, nonetheless, institutions have the capabilities to perform daily calculations, even though there is no need for it. | | |
| Question 12: Do respondents find the specific instructions in Annex III sufficiently clear for the development of the LCR disclosure template and the template on qualitative information on LCR in Annex II? | <p>Generally, respondents do not highlight a lack of clarity here.</p> <p>Some respondents suggested including the item on ‘liabilities resulting from operating expenses’ from the reporting template into ‘Other contractual funding obligations’ in the disclosure template.</p> <p>One respondent suggests renaming the information requested on currency mismatch as ‘Liquidity position in significant currencies’.</p> | <p>The EBA did not initially include the item ‘liabilities resulting from operating expenses’ from the reporting template, since liabilities from operating expenses do not trigger outflows in the definition of the LCR (0% outflow rate). However, the item has finally been included for its consideration in the unweighted amount of ‘Other contractual funding obligations’ in the disclosure template.</p> <p>The EBA is of view that the current name of the items related to currency mismatch is appropriate following Article 9 of the LCR Delegated Regulation.</p> | The item on ‘liabilities resulting from operating expenses’ from the reporting template has been included in the item ‘Other contractual funding obligations’ in the disclosure template. |
| Question 13: In the elaboration of | Some respondents consider that | The EBA is of the view that the impact | The assessment has been |



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| <p>this CP, the EBA has considered several policy options under three main areas: a proportionality approach in the scope of application, items for a higher disclosure frequency and methodology for the calculation of the disclosures. Do respondents have any particular view on the assessment conducted on these policy options?</p> | <p>the IA does not sufficiently take account of the workload that the methodology suggested would prompt. It is not clear how the benefits of the GL would outweigh these costs. In their view, it should be considered that these additional costs could also trigger more risky profiles of banks in the search for earnings.</p> | <p>assessment is comprehensive and considers all the relevant aspects for the determination of the corresponding policy options and, in particular, the burden and complexity of the methodologies to be applied are considered there. Nevertheless, it has been complemented on the basis of the feedback received during the consultation process as well as on the basis of the results of the GL on disclosure requirements.</p> | <p>complemented.</p> |
| <p>Question 14: The provisions of Regulation (EU) 575/2013, including the disclosure requirements in its Part Eight, respect the principle of proportionality having regard, in particular, to the diversity in size and scale of operations and to the range of activities of institutions. A less complex, low risk institution will have to disclose less than a more complex, higher risk institution. In addition, specific</p> | <p>At least half of the respondents show a preference for having a simplified template (based on LCR figure, numerator and denominator) for smaller institutions, which would still be comparable to the general disclosure templates used by the rest of the banks.</p> <p>Some respondents consider that a simplified template should be valid for non-systemic institutions with</p> | <p>The EBA acknowledges the arguments raised by the industry and considers that only the figures of the LCR itself, the liquidity buffer and the net outflows constitute key figures in the context of the LCR for smaller banks or banks with a lower impact on markets. Therefore, the EBA considers that G-SIIs and OSIIs would need to disclose the suggested LCR disclosure template in the consultation paper while the other institutions that fall within the scope</p> | <p>The LCR disclosure template has been amended and simplified for non-systemic credit institutions in the sense that it would be constituted by only three key figures.</p> |



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| <p>waivers for disclosure exist in case of non-materiality of information, and the EBA has issued Guideline to specify the cases where such waivers are used. The EBA intends to conduct further work on the application of the principle of proportionality to regulatory requirements, including the disclosure requirements. As a result, should a specific approach be needed as regards the implementation of the Guideline on liquidity disclosures in a proportionate manner, this approach will be consistent with the EBA general approach as regards proportionality. In the meantime, users are invited to express their views on the following questions, whose answers will inform the future work of the EBA. Any potential solution suggested by respondents will have its feasibility assessed considering the applicable</p> | <p>total assets of less than EUR 30 billion, operating predominantly on a national scale.</p> <p>One respondent argues that the EBA should take into consideration not only the size of credit institutions, but also their business models while considering different policy options.</p> <p>One respondent considers that a simplified template based only on these items (LCR, numerator and denominator) would not reduce the burden since the whole ratio and its components would still need to be calculated daily, even though only some of them would need to be disclosed. In its view, proportionality could be dealt with only by using less frequent observations.</p> <p>Some respondents support the employment of a unique template for all institutions and that the</p> | <p>of application of these GL should publish only a simplified disclosure template containing those three key figures.</p> | |



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disclosure framework.

Do respondents think that the opportunity of having a simplified disclosure template for smaller credit institutions should be assessed? This simplified LCR disclosure template could comprise for example the ratio itself, the numerator and the denominator as key ratios and figures of the LCR, in the sense of Article 435 (1) (f) CRR. What arguments could respondents provide to justify that the LCR ratio itself, its numerator and its denominator are the only key ratios and figures of the LCR which are required to be disclosed by smaller credit institutions?

More generally please provide any argument in favor or against a simplified template, and if you believe a simplified template for LCR disclosures is relevant, please indicate which type of information

disclosure requirement applies to consolidating entities only. Others are in favour of a single template for all institutions, on the condition that the EBA provides guidance on items to be omitted by smaller institutions.

Some respondents even consider that a single template for all banks would be the best option but that it should capture only the LCR figure, HQLA, capped inflows and outflows. Other respondents consider that the templates used by parent companies and subsidiaries should be the same for ease of consolidated templates.



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you would like to have disclosed in that template.

What specific criteria would respondents suggest to identify those smaller institutions for which a simplified disclosure template could potentially be disclosed?
