

Comments

on the draft ECB Regulation amending Regulation (EU) No 1071/2013 of the ECB of 24 September 2013 concerning the balance sheet of the monetary financial institutions sector (ECB/2013/33)

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The **German Banking Industry Committee** is the joint committee operated by the central associations of the German banking industry. These associations are the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR), for the cooperative banks, the Bundesverband deutscher Banken (BdB), for the private commercial banks, the Bundesverband Öffentlicher Banken Deutschlands (VÖB), for the public-sector banks, the Deutscher Sparkassen- und Giroverband (DSGV), for the savings banks finance group, and the Verband deutscher Pfandbriefbanken (vdp), for the Pfandbrief banks. Collectively, they represent approximately 1,700 banks.

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General comments

Some of the new requirements, such as those for reporting notional cash pooling and revaluation adjustments to derivatives, will be costly and time-consuming to implement. The first reporting of the new requirements is scheduled for Q2/2021, meaning almost simultaneously with the implementation of changes to reporting requirements under CRR 2. Bearing in mind that CRR 2 implementation is already stretching the banks' resources to the limit, we would ask the ECB to postpone the first application of its requirements by at least six months.

ID	Chapter	Article	Paragraph	Page	Type of comment	Detailed comment	Concise statement as to why your comment should be taken on board
1	Annex I	Part 4		25	Clarification	In future, revaluation adjustments will also have to be reported for derivatives. Unlike for revaluations of loans or securities prices, Annex 1, Part 4 does not spell out precisely what constitutes a revaluation adjustment. We assume that the requirements relate primarily to derivatives in the trading portfolio and that adjustments are to be reported along the same lines as those relating to price revaluations of securities. We would nevertheless appreciate clarification of this point.	
2	Annex I	Part 4		25	Deletion	Irrespective of this, we assume that national accounting and valuation rules for trading book derivatives will differ greatly across member states and that, as a result, the revaluation adjustments reported will not be comparable. Since the calculation of revaluation adjustments to trading book derivatives will be highly onerous, we would recommend dropping this requirement, not least in view of the limited comparability and relevance of the information provided.	

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3	Regulation	1 (p)		4	Deletion	<p>The holdings of a bank's own securities which have to be reported are based on an extremely broad definition, which also covers any portion of an overall issue that has not yet been put into circulation and therefore cannot normally be recognised in the balance sheet. The ECB's definition diverges significantly from the definition of "own holdings" used for prudential reporting purposes and also (as far as we are aware) from that used in accounting. Given the importance of "own holdings" for determining both regulatory capital requirements and MREL/TLAC, we would welcome consistent use of the term.</p> <p>Irrespective of this point, we cannot see what additional insight would be gained by extending the collection of balance sheet statistics to items that cannot be recognised in the balance sheet. A bank's holdings of these securities do not allow any conclusions to be drawn about its ability to access the capital market. Of far more relevance here is the existence of ongoing issuing programmes under which new issues can be launched at short notice. By contrast, retained securities which have never been placed on the market and which therefore are not recognised in the balance sheet will only rarely be placed on the market at a later date. If an issue is not placed in full, the issuing volume is often subsequently reduced in the terms of the issue.</p>	
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