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Stellungnahmen
Stellungnahme DK zum EBA Discussion Paper 2014/01 "On the impact on the volatility of own funds of the revised IAS 19 and the deduction of defined pension assets from own funds under Article 519 of the Capital Requirements Regulation (CRR)"

14. April 2014

The EBA/DP/2014/01 investigates whether the revised IAS 19 (2011) in conjunction with the new rules on deduction of net pension assets and changes in the net pension liabilities may lead to undue volatility of own funds. This report is supposed to help the Commission prepare a legislative proposal for a potentially required adjustment of defined net benefit pension fund assets or liabilities for the calculation of own funds.

The regulatory deduction rule for net pension assets was already codified in the Basel III reform proposals submitted by the Bank for International Settlement's (BIS) Basel Committee (sections 76 – 77 (defined benefit pension fund assets and liabilities)) and it has been incorporated into the Capital Requirements Regulation (CRR) of 27 June 2013 (CRR, Article 36(1) (e) in conjunction with Article 4 (109). A regulatory deduction of the net pension assets from own funds would improve their quality (EBA/DP/2014/01, point 22). Furthermore, the discussion paper sets out that – given their dedicated earmarking - these assets shall only be available for the settlement of pension obligations and creditors of the bank will not have any access to such assets (EBA/DP/2014/01, point 12).

We doubt that a regulatory deduction of net pension assets from own funds will improve their quality. In our experience, in terms of the amounts involved, there is hardly ever a 1:1 correlation of changes in holdings of plan assets and defined benefit pension obligations. At various points, EBA/DP/2014/01 refers to the case of a 100% netting between changes to the regulatory deduction positions and changes in the plan assets and defined benefit pension obligations (which main value driver is the discount rate). In our view, this scenario only occurs in exceptional cases and is usually not the case. Changes to the net pension assets result from changes in holdings of plan assets and defined benefit pension obligations changes (both, recognised directly in equity and not recognised directly in equity). A comprehensive netting, however, would require changes in the holdings of both plan assets and also of defined benefit obligations to be exclusively recognised directly in equity. [...]