
AFME Response:

EBA Consultation on Draft Guidelines on harmonised definitions and templates for funding plans of credit institutions under Recommendation of the European Systemic Risk Board of 20 December 2012 (ESRB/2012/2)

2 May 2019

Overarching comments:

We welcome the EBA consultation on harmonised definitions and templates for funding plans, and AFME and its members are supportive of a closer alignment with FINREP to ensure improved consistency.

Although it will require additional work for firms, we understand the rationale for seeking break downs of non-domestic data into EEA and non-EEA categories.

Answers to the consultation and focus on specific templates

A principal technical suggestion is that the submission date for all of the reporting templates should be moved from 28 February to 30 April. This would allow firms with a December year-end date with sufficient time to provide more precise forecasts, particularly in relation to three-year data. AFME and its members consider that a four month period between the reference date and submission date would strike a more appropriate balance between the immediacy of data versus the accuracy and precision of data, and we would note that the urgency of an earlier submission date for the purposes of a six month forecast is no longer required.

Question 1 (on template P01.02)

We agree with the breakdown of “Total long-term unsecured (original maturity ≥ 1 year)” proposed on template on Template P01.02. We would note, however, that the breakdown requested is not available from the FINREP statements and so additional work will be needed by firms to obtain and verify the data.

Question 2 (on template P02.02)

AFME and its members believe that this template now covers all forms of public sector and central banks sources of funding.

Question 3 (on template P02.06)

We would note that similar information is already provided as part of the EBA’s work on stress-testing which is challenging to provide.

More specifically, banks often undertake portfolio hedging and so the classification of asset and liability components only may give regulators an erroneous picture, as that would not appropriately represent the bank’s currency management. If the template is to be retained, we would therefore recommend the addition of a separate, dedicated fx hedging category, with one line for assets and one line for liabilities.

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Question 4 (on template P05.00)

It is our understand that the information on retained issuances is intended to indicate the extent to which they might be used as collateral. Some of our members have suggested that this might only be relevant for secured instruments.

Question 5 (on template P05.00)

AFME and its members would suggest that the carrying amount should be used on both templates to ensure alignment with FINREP. We acknowledge though that nominal amounts are often used as part of funding planning processes.

Question 7

As mentioned in our over-arching comments, AFME and its members are supportive of a closer alignment with FINREP to ensure improved consistency. From a practical perspective, we would note that funding plans often start from nominal accounts and adjustments might therefore be needed.

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About AFME:

AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. We advocate stable, competitive, sustainable European financial markets that support economic growth and benefit society.

AFME is the European member of the Global Financial Markets Association (GFMA) a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) in Asia. AFME is listed on the EU Register of Interest Representatives, registration number 65110063986-76.