Consultation Response

EBA Reporting Simplification: Liquidity and Asset Encumbrance

July 2026

Summary

The Module 1 Liquidity proposals, presented as a simplification initiative, are expected to increase rather than reduce operational complexity and compliance costs. Key drivers include enhanced granularity in reporting (notably in the maturity ladder), the introduction of new templates such as C66.02, and significant IT implementation requirements. There is considerable duplication between weekly SLT and monthly ALMM reporting, creating inefficiencies and reconciliation risks; alignment and rationalisation are strongly recommended.

Divergence between PRA and ECB frameworks further adds to the burden for cross-border firms. The proposed behavioural template (C66.02) is viewed as conceptually misplaced, duplicating existing supervisory processes such as ILAAP and SREP. Structural changes to asset encumbrance reporting represent a major overhaul requiring substantial system rebuilds.

Overall, the industry calls for clearer guidance, elimination of duplication, improved regulatory alignment, and a longer implementation timeline to ensure feasibility and proportionality.

ALMM Reporting

1. Cumulative Regulatory Burden

While the consultation paper is presented under the banner of "supervisory reporting simplification", our assessment as with other modules indicates that the cumulative effect of these proposals will significantly increase—rather than decrease—the operational and compliance burden on financial institutions.

- **Increased Granularity and Frequency:** The proposed revisions introduce a substantial volume of new data points, particularly within the maturity ladder (C 66.01) and the newly introduced behavioral template (C 66.02). For instance, increasing the granularity of the maturity ladder to a daily level for the first 7 days, alongside expanded reporting on initial stock inflows/outflows.
- **Implementation and IT Costs:** Any modification to existing reporting templates—even those framed as "simplifications"—requires banks to undertake major reporting uplift-ment and update data validation rules.

2. Duplication Between SLT and ALMM

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The firms continue to face significant duplication between the weekly Short-Term Liquidity (SLT) template (the SSM Liquidity Exercise) and the monthly ALMM templates.

- **Substantial Information Overlap:** The weekly SLT template captures a snapshot of an institution's consolidated liquidity position including maturity mismatch, concentration of secured and unsecured funding, and the distribution of on-demand deposits on weekly basis. This information is substantially similar to the data collected under the monthly ALMM templates (specifically C 66.00, C 67.00 and C 68.00).
- **Operational Inefficiencies:** Maintaining parallel data pipelines to feed both a weekly ad-hoc/supervisory exercise (SLT) and a monthly regulatory return (ALMM) creates redundant data submission processes and increases the risk of reconciliation discrepancies as well as more resource requirement to maintain two reporting with similar information.
- **Our Proposal:** We strongly recommend that the EBA and ECB collaborate to fully align and streamline these two reports. Specifically:
    - **Remove overlapping reporting:** Ensure that the data points in the weekly SLT are a direct subset of the monthly ALMM and reduce the reporting requirements for ALMM to leverage the weekly SLT reporting. Where SLT and ALMM cover the same underlying position, designate one as the authoritative source and retire overlapping data points in the other. Our proposal will be to remove data requirements in ALMM to the extent covered in weekly SLT reporting.

3. Divergence Between PRA and ECB Reporting

For firms operating in both the European Union and the United Kingdom, the growing divergence between the UK Prudential Regulation Authority (PRA) and the ECB/EBA reporting requirements is a source of significant operational complexity with the need to maintain two distinct reporting requirements.

- **Fragmented Frameworks:** Following the UK's departure from the EU, the PRA and the EBA have increasingly diverged in their approach to liquidity reporting templates and guidance. Managing two distinct, highly granular reporting frameworks forces cross-border firms to maintain separate reporting guidance and infrastructures.
- **Our Proposal:** We urge the EBA, the ECB, and the PRA to actively engage in bilateral discussions to foster consistency with Basel III monitoring templates (BCBS d295). Wherever possible, supervisors should adopt common international standards (such as those established by the Basel Committee) and allow for reciprocal recognition of equivalent liquidity reports for cross-border subsidiaries.

4. Misplacement of C66.02 in ALMM

The EBA proposes the introduction of a new template, **C 66.02 (Behavioral Information Maturity Ladder and details on downgrade triggers)**, applicable to large institutions. We strongly object to the inclusion of this template within the ALMM framework.

- **Internal Nature of Behavioral Assumptions:** The C 66.02 template requires institutions to report behavioral cash flow projections and new business assumptions. These behavioral assumptions are highly institution-specific, subjective, and deeply integrated into firms' internal risk management processes—specifically within the **entity funding plan** and the **Internal Liquidity Adequacy Assessment Process (ILAAP)**.

Standardising it in Pillar-1-style ALMM creates a redundant THIRD channel without incremental supervisory benefit.

- **Inappropriateness of Standardized Reporting:** The ALMM is designed to capture standardized, contractual liquidity metrics to facilitate peer comparison and macroprudential oversight. Forcing highly subjective, behavioral, and qualitative internal assumptions into a rigid, standardized regulatory template like C 66.02 is conceptually misplaced. It risks creating misleading comparisons across institutions that operate under different business models and behavioral methodologies. For example, runoff assumptions for operational deposits, prime brokerage free credits, and PWM deposits differ materially by business model

- **Our Rationale:** The appropriate vehicle for assessing behavioral liquidity risk and downgrade triggers is the qualitative and quantitative review under the Supervisory Review and Evaluation Process (SREP) and the ILAAP. Supervisors already have full access to this data through these channels, making the C 66.02 template redundant and conceptually flawed.

5. Consolidation of C67 and C67.01

The consultation paper proposes the introduction of a new template, **C 67.01**, specifically for Large Institutions, which expands the reporting scope of funding concentration from the top 10 counterparties to the top 30 counterparties.

- **Redundancy and Duplication:** While the EBA notes that C 67.00 and C 67.01 are aligned in terms of content, maintaining two separate templates based solely on the size of the institution creates unnecessary reporting architecture.

- **Our Proposal:** To streamline data collection while maintaining supervisory utility, we recommend combining these templates into a single, consolidated "top 30" counterparty/funding source report.

    - Under this consolidated template, a single schema would be used.

    - Proportionality could be easily maintained by applying a simple threshold rule: Large Institutions would report the top 30 counterparties, while small and non-complex institutions (SNCIs) and medium-sized institutions would only be required to populate the first 10 rows. This would eliminate the need to maintain and validate two separate templates (C 67.00 and C 67.01) within banks' reporting systems.

6. Rationale for Pricing Template Changes
The EBA has proposed several amendments to the pricing template, **C 69.00 (Prices for various lengths of funding)**. We formally request clarification on the underlying regulatory rationale for these changes.

- **Unclear Supervisory Utility:** The current utility of the proposed changes to the pricing template remains highly unclear to the industry. The collection of highly granular funding price data across various product types and maturities does not appear to provide supervisors with actionable insights that are not already captured by broader market indicators or individual SREP reviews.

- **Disproportionate Operational Burden:** Collecting and validating precise interest rate and pricing data at the transaction level imposes additional cost. Without a clear, demonstrated supervisory need, the proposed changes run contrary to the EBA's stated goal of reducing the cost of compliance.
- **Our Request:** We request that the EBA provide a detailed cost-benefit analysis and a clear regulatory justification explaining how these pricing modifications will be utilized in ongoing supervision, and why the existing market-wide pricing metrics are insufficient.

Consultation Questions

1. Are the templates and instructions clear to the institutions and in line with the regulation?

There are instances where the instructions and Module 1 are not clear.

<u>C 66 initial stock c0100</u>

In Module 1 paragraphs 44-47 introduce the inclusion of the initial stock column for outflows and inflows. Example 1 explains how to report a forward starting repo transaction but no guidance is provided with regard to reporting the initial stock column for outflows and inflows. In the General Instructions point 4, it states that the carrying amount should be reported in the initial stock column for inflows and outflows. Further clarification is required as to whether the initial stock outflows and inflows relates to cash on settled transactions as at the reporting reference date or is it for the reporting of unsettled cash on forward starting transactions? We would be grateful for the reporting of the initial stock column for outflows and inflows, and Example 1 to be explained further.

<u>C 67 reporting groups of connected clients</u>

Clarification is requested that funding received from different members of a group of connected clients are amalgamated and reported as one counterparty (point 2) whereas funding received from different members of the institution's own group are reported as separate counterparties (point 3a).

<u>C 71 value after haircut c0100</u>

It is not clear whether the institution itself must already have access to the central bank monetary policy operations in order for assets to be considered "central bank eligible assets" and the value after haircut reported according to the first limb of the decision tree. Alternatively, where the institution does not have access to the central bank monetary policy operations then all of the institution's assets are deemed not to be central bank eligible and therefore reported in accordance with the second limb of the decision tree.

This question is also relevant to the Asset encumbrance templates. Please could the distinction between the columns for "Value after haircut" and "of which: used for central bank monetary policy operations" be clarified.

<u>F 32.11 c0200 Unrealised gains and losses</u>

The introduction of this column is not a simplification. The information for the population of this new column is not readily available or easily sourced.

Asset encumbrance master netting agreement (MNA)

Example 8 sets out that where the institution has an MNA with a counterparty then the net carrying amount of its derivative transactions is reported. In the example this is shown as reported on F32.04 r0020 c0010 as derivative liabilities of 500 (transaction 1 of 1000 and transaction 2 of -1500). The example and instructions under "1.2 Accounting standard" clarify that when reporting derivative contracts as sources of encumbrance, then institutions are to refer to the fair value per the NSFR rules in Article 428d(2) of CRR. However the instructions later state under "2.1.1 General remarks (e) Derivatives (liabilities)" that:

> - where it is collateral received by the reporting institution, its fair value shall be reported in {AE-COL-D; *; c0010}, {AE-SOU; r0020; c0030} and {AE-SOU; r0020; c0040}. In the specific case of CSA collateral agreements, this also applies. The collateral received from derivatives portfolio, that is exchanged at counterparty level, is reported net regardless of the fact that the amount of the liabilities related to these derivatives will be reported in F 32.04 (AE-SOU) at gross level.

This is based on the answer provided in EBA Q&A 2021_6282. It is therefore unclear whether the carrying amount of derivative transactions with a counterparty with whom the institution has an MNA can in fact be reported net.

We would like to add that it is useful to have all the instructions for ALMM reporting in one document. Additionally, it is useful for the new table of concepts and associated definitions used consistently across ALMM and Asset encumbrance.

Significant currency reporting

Article 415(2)(a) of the CRR establishes the obligation to report items in significant currencies. In this context, EBA Q&A 2023_6799, which sought clarification on the reference dates to be used for reporting in significant currency, was rejected on the basis that Article 4(3) of Commission Implementing Regulation (EU) 2021/451 already provided sufficient guidance.

However, **Regulation (EU) 2024/3117**, which repeals and replaces Commission Implementing Regulation (EU) 2021/451, introduces in Article 4(3) more explicit and narrowly defined references to specific thresholds and reference dates. These references appear to be tailored to threshold-based reporting requirements other than reporting in significant currency and do not clearly allow for an application of Article 4(3) to the determination of significant currencies under Article 415(2) CRR.

As a result, in the absence of further guidance, it is no longer clear which reference dates institutions should use for separate supervisory reporting in significant currency. This creates uncertainty and may lead to divergent interpretations and practices across institutions.

We therefore recommend that the EBA provide explicit clarification in the ITS on the applicable reference dates for separate reporting in significant currencies under Article 415(2) CRR, in order to ensure consistent and harmonised application.

NSFR – ASF factors for capital instruments with maturity between 6 months and 1 year

Although outside the direct scope of this consultation, we note a longstanding issue regarding Article 428l(d) CRR, which assigns a 50% ASF factor to liabilities and capital instruments with residual maturity between six months and one year (not covered by Articles 428m–428o).

While this treatment should be reflected in template C81.00 (rows 0040–0060, column 0050), the current template does not allow reporting, as the relevant cells are greyed out. This limitation has also been acknowledged in EBA Q&A 2021_6017. We therefore recommend incorporating these changes in the updated reporting package.

Deposits from online platforms (Module 1)

Further clarification would be beneficial regarding the treatment of deposits collected via online third-party platforms. In particular, alignment with existing concepts such as "fiduciary deposits" and "deposit brokers" as used in Second EBA report on monitoring of LCR implementation in the EU, would enhance consistency and interpretability.

In addition, based on example 5 in C67, it remains unclear whether institutions are required to identify deposits originated via online platforms in C66.01 when the customer is fully onboarded, holds an individual account, and the deposit otherwise qualifies as a retail deposit. Clarification on this point would support consistent reporting.

Furthermore, LCR reporting instructions would benefit from additional clarification on the treatment of deposits collected via online deposit platforms, particularly with respect to their classification, applicable outflow rates, and alignment with concepts such as deposit brokers and fiduciary deposits.

Inconsistencies between LCR and ALMM reporting

There are notable differences in the treatment of forward-starting repo and reverse repo transactions between the LCR and ALMM frameworks:

- Under the LCR: Forward-starting repos/reverse repos are reported under Other inflows (C74.00, row 260) or Other outflows (C73.00, row 918)
- Under ALMM (C66.00 maturity ladder template): These transactions are reported within rows corresponding to secured lending/borrowing

This inconsistent treatment creates challenges for banks in aligning reporting processes across frameworks. Although no formal EBA validation rules exist between C66.00 (ALMM) and LCR templates, institutions typically implement internal consistency checks. Divergent classifications therefore introduce unnecessary operational complexity and reconciliation effort.

Lack of clarity on treatment of other forward-starting transactions

The framework does not provide sufficient guidance on whether forward-starting transactions, beyond repos and reverse repos, should also be reported under Other inflows/outflows in C66.00, or instead allocated to more specific categories.

This ambiguity leads to divergent interpretations across institutions and may undermine comparability of reported data.

Further clarification and alignment between LCR and ALMM templates would enhance consistency, reduce operational burden, and improve the reliability and comparability of supervisory reporting.

We welcome template 70 to be discontinued as we consider this template to have limited practical usefulness and appears to be only rarely used by supervisors. As a result, the supervisory value derived from collecting and maintaining this information may not justify the associated implementation and reporting costs.

We are concerned about the proposed treatment of withdrawable term deposits as if they were open-maturity products in Annex 4.

- In our view, these products exhibit different behavioural characteristics and should not be treated as equivalent for reporting purposes. Combining them within the same category could distort the underlying risk profile and lead to misleading conclusions in subsequent supervisory analyses.

- We therefore believe that a clear distinction should be maintained between open-maturity deposits and term deposits that include withdrawal options, in order to preserve the economic substance of the products and ensure that the reported information remains meaningful and comparable.

2. Do institutions see any double reporting of information?

No.

3. Do institutions see any possible need for streamlining of the definitions, where? Where do you see room for further semantic integration of concepts within the ITS and with other reporting frameworks?

1. Are the templates and instructions clear to the institutions and in line with the regulation?

2. Do institutions see any double reporting of information?

3 Do institutions see any possible need for streamlining of the definitions, where?

Where do you see room for further semantic integration of concepts within the ITS and with other reporting frameworks?

The Consultation Paper: 1) introduces significant changes to the logic and structure of the related reporting templates, and 2) requires additional information and templated as well as, in many respects, a higher degree of granularity, breaking down and splitting of information compared to the status quo.

From a broader perspective, we would like to highlight that simplification initiatives are only effective when they lead to an actual reduction in reporting burden. Removing duplications in reporting templates without eliminating the underlying data requests does not materially reduce institutions' operational workload. A clear example is the overlap between the weekly SSM Liquidity Templates and the monthly regulatory reporting templates with reference to the information pertaining to the Rollover of Funding, where institutions continue to require substantially similar information through different reporting channels. Eliminating only one layer of reporting without addressing the duplication of data collection processes does not provide meaningful operational relief. Data elements requested under liquidity reporting, ALMM, SSM liquidity monitoring exercises and ECB-SRB related data collections should be defined once through common methodological definitions and reused consistently across reporting obligations, unless a clear supervisory justification exists. A stronger focus on semantic integration across reporting frameworks would enhance data quality, consistency and comparability for supervisory authorities.

Another example concerns the maturity ladder tool, which is currently reported both within the ALMM C 66 template and the SSM liquidity templates (including those used for joint data collections with the SRB). While the ultimate objective of these templates is broadly aligned — namely, to capture the forward-looking evolution of the net liquidity position and to identify potential timing mismatches between inflows and outflows — the underlying structures and compilation rules often follow different logics (see different treatment of forward starting transactions). This lack of semantic convergence increases the reporting burden for institutions, including in terms of required technological investments, and complicates functional reconciliation processes. Therefore common semantic definitions for key liquidity concepts (e.g. funding rollover, maturity buckets, forward-starting transactions, stock positions and liquidity gaps), should be developed and consistently applied across ITS reporting, ALMM, SSM liquidity templates and ad hoc supervisory collections. Furthermore, the introduction of the stock column in the maturity ladder of C66, intended to be aligned with accounting data, creates additional dependencies on other internal bank processes, where current accounting frameworks (e.g. FINREP) do not provide for the same level of granularity and breakdowns and reporting frequency, thereby adding further complexity to data alignment and consistency.

In this respect, the overall direction and rationale of the EBA's reporting simplification project are not always fully clear.

We would also like to express concerns regarding the proposed adoption timeline of the ITS, currently planned for a release of final documents by 31 December 2026. Given that the novelties introduced in the C66 and in the Asset encumbrance reporting, the indicated implementation period of nine months (September 2027) appear particularly challenging and may not allow institutions sufficient time to ensure a correct, comprehensive, and stable implementation of the new requirements.

Additional uncertainty arises from the validation rules that have a crucial importance when it comes to translating into practice the EBA requirements. Actually, in the CP there is no visibility about i) the substantive content as well as ii) the timing when the validation rules are due to be adopted.

Furthermore, past experiences showed that validation rules require adjustments after their publication, creating additional operational uncertainty and burdens.

As regards timing, we would like to underline that it is fundamental that validation rules are issued well in advance of the entry into force of the new reporting requirements, allowing participants sufficient time to prepare and implement them. They should also be released preferably in a single package, avoiding multiple waves over time that could make the implementation activity inconsistent and operationally challenging.

Finally, we consider it essential to clarify the respective roles and responsibilities of the various European authorities involved in the issuance of supervisory instructions. Currently, several actors contribute to the definition and communication of reporting expectations, including the European Central Bank (ECB), the European Banking Authority (EBA), the Joint Supervisory Teams (JSTs), and the European Commission (EC). Communications are not always fully aligned and may at times appear inconsistent. Greater coordination, coherence, and alignment among the different authorities would significantly improve certainty and facilitate institutions' compliance efforts.

Specific questions by template

C 75.01 LCR – collateral swaps

4. Are the changes proposed for simplification in the LCR reporting, cost reducing to the institutions?

No because large and medium-sized institutions would still need to produce the C75 in order to calculate the LCR correctly and the C75 still needs to be calculated in all significant currencies in order to calculate the LCR by significant currency.

The switch of frequency and ccy reported could only cause confusion/operational risk.

C 66.01:

5. Are the instructions related to Deposits collected via online third-party platforms clear? please specify how they can be improved?

N/A

C 66.02 – behaviour info

6. Do you have any comments regarding the way to reflect New Business in this template?

This proposed template is an area of significant concern within the proposal.

The template would require institutions to report projections of deposit behaviour, including assumptions regarding new business generation, on a monthly basis, potentially complemented by backtesting exercises. In our view, this type of information is primarily intended for internal management, liquidity planning and balance sheet management purposes, rather than for regulatory reporting.

Furthermore, similar information is already shared with supervisors through existing channels, including the Funding Plan, ALCO governance processes and regular interactions with JSTs. As a result, the additional supervisory value of introducing a dedicated reporting requirement appears limited.

At the same time, the operational burden would be significant, particularly for large international banking groups operating across multiple subsidiaries, jurisdictions and currencies. The collection, validation and consolidation of forward-looking behavioural assumptions at the required level of granularity and frequency would require substantial implementation effort and ongoing maintenance costs.

7. Do you have any comments or proposals regarding the second and N-round effects and the way to reflect them in the template?

Regulators are doubtful to gain any insight from this data as the management of open maturity secured financing portfolio is very dynamic and aligns to daily business needs. Reporting a fixed monthly candence of flows that are not necessarily planned in a long time horizon will not bear useful conclusion but increase undue reporting burden.

8. Are the examples in section 3.4 relevant for you? Based on them, do you plan to model and report transactions individually, or will you adopt a balance sheet approach instead?

See above, in reality some of funding flows may be ad hoc and not explicitly planned (and recorded as planned), so any reporting will require either a forecasting model approach or an institutionalised monthly manual data collection / survey.

9. Do you see an alternative way to represent the second-round and subsequent effects?

See above.

10. What is your view on the adequacy of a monthly frequency for this template to capture possible ad-hoc decisions. Do you model all your cash flows systematically, without considering any ad-hoc decisions? If the latter, please specify the frequency (e.g., ad hoc decisions are made weekly).

A monthly reporting frequency for this type of information does not appear justified. Similar information is already shared with supervisors through existing channels, including the Funding Plan, ALCO governance processes and regular interactions with JSTs. As a result, the additional supervisory value of introducing a dedicated monthly reporting requirement appears limited.

Moreover, the principle of proportionality should also apply to large institutions. If certain information is not considered sufficiently relevant or necessary to be collected from smaller institutions, it should not automatically be required from large institutions solely because of their size. Large institutions do not have unlimited resources, and reporting requirements should therefore remain focused on information that provides a clear and demonstrable supervisory benefit.

In our view, the frequency and granularity of reporting requirements should be driven by the supervisory value of the information rather than by the size classification of the institution alone.

11. With this consultation paper, the EBA is also seeking views from the institutions on their ability to provide this data to meet the supervisor's expectations and to gather additional views on the costs and benefits of having this information defined in a harmonised way at EEA level. Please provide your comments.

Please refer to comments above.

C 68 concentration by product type

12. Do you have any comments on the instructions for the rows on the breakdown by size of deposit? Are the instructions and the additional guidance provided in Directive 2014/49 EU sufficiently clear?

N/A

13. Do you have any comments regarding the rows on Economic Area Central Bank, Eurosystem Central Bank and Non-European Economic Area funding? Is It possible to properly distinguish between Central Bank funding received with the underlying instructions for these rows?

N/A

14. Are the instructions for row 0080 and 0090 on savings accounts clear with respect to the notice period?

Any remaining ambiguity could be addressed through clearer examples on how notice periods interact with product design and customer withdrawal rights. It would also be helpful to explicitly link the definition of the notice period to Article 25(4) of the LCR Delegated Act.

15. Do you prefer the deletion of the column 0030 “amount not covered by a Deposit Guarantee Scheme in accordance with Directive 2014/49/EU or an equivalent deposit guarantee scheme in a third country” over keeping the column. The C 68.00 currently asks banks to provide evidence for “Amount covered by a De posit Guarantee Scheme in accordance with Directive 2014/49/EU” and “Amount not covered by a Deposit Guarantee Scheme in accordance with Directive 2014/49/EU”. As the latter column can be retrieved by difference between the former and the total carrying amount, would it be a burden reduction to the institution if this would be deleted?

It would not be a burden for this column to be removed but then again it is not a burden to populate it since it is easily calculated.

C.67 (concentration of funding by counterparty):

16. SNCI institutions are invited to provide feedback on (i) the costs associated with implementing the amendments to this template, (ii) the costs if the data would be requested instead outside of supervisory reporting by supervisors when needed, (iii) any challenges linked to its production, and (iv) alternative sources from which the underlying information could be reliably retrieved

(i) We expect costs in relation to implementing the amended template to involve 2 FTEs (developer and reporting specialist) for up to 4 months for development, testing and release.

(ii) We would prefer to report this data on a regular basis rather than respond to ad hoc requests from the supervisor.

(iii) We have no challenges in producing this information.

(iv) We have not considered this point.

17. Would it be a significant increase in the reporting burden if the same template C 67.01 would be asked to all type of institutions? or it would be preferable from a practical perspective to have the same template reported by all institutions? This would mean to ask all institutions to report the top 30 counterparties, with monthly frequency for Large and medium sized institutions and quarterly for SNCIs.

We do not have a strong opinion on this question; it is not much of an additional burden to produce the template to include the top 30 counterparties rather than the top 10.

18. Do you find any overlap or ambiguity in the counterparty sectors and/or product types defined in the C.67 template?

The explanations are relatively clear.

However, "Will counterparty sector breakdown still follow Finrep definitions?

For example brokered deposits are reported as a against credit institution based on the immedate counterparty (C.67 and Finrep), while being non financial in C66.00"

Some ambiguity is left within the treatment of groups of connected clients, for which sector and residence may not be reported in the same way as for single-name counterparties.

19. Do you consider the way deposits raised through deposit platforms should be reported consistent with the definition provided throughout template C.67?

Reporting of deposits raised through deposit platforms should be based on the same core principles as the rest of template C67, namely identifying the relevant funding concentration risk in a manner that is economically meaningful and operationally consistent. In practice, this requires clarity on whether the relevant counterparty should be understood as the platform itself, the end depositor or another legal intermediation layer, depending on who is contractually and economically visible to the reporting institution.

Asset Encumbrance

1. Complete Restructure of the Core Templates (F 32.11 and F 32.12)

The EBA proposal to replace the existing templates F 32.01 (Assets of the reporting institution) and F 32.02 (Collateral received) with entirely new templates F 32.11 and F 32.12 represents a major structural overhaul. We understand the regulatory objective to align asset encumbrance with liquidity risk management, but we urge supervisors to recognize the immense implementation challenges this poses for institutions.

Shift from Accounting (FINREP) to Liquidity (ALMM) Alignment

- The Change: The classification of assets and collateral is being moved away from FINREP-based line items to align directly with the Counterbalancing Capacity (CBC) classification used in the ALMM Maturity Ladder (C 66.01).
- Industry Impact: For banks, this requires a complete rebuilding of the data aggregation pipelines due to introduction of new Attributes and granular Fields

2. **Assessment of Template Deletions (Immateriality vs. Real Burden)**

The consultation proposes the decommissioning of several templates, including:

- F 32.03 (Own covered bonds and ABS issued and not yet pledged)
- F 34.00 (Contingent encumbrance)
- F 36.01 & F 36.02 (Advanced templates)

Our Position: A Welcome but Immaterial Simplification

While the firms strongly supports the deletion of these templates —we must emphasize that this change is not highly material in terms of net burden reduction.

- Low Operational Footprint: The templates slated for deletion were already of limited practical use and had a very low operational footprint. Because they were reported with low frequency or applied only under narrow conditions, their removal provides negligible relief to banks' daily or monthly compliance operations.
- Asymmetrical Cost-Benefit: The compliance cost savings achieved by removing these "good-to-have" templates are vastly outweighed by the internal resource cost required to implement the new F 32.11 and F 32.12 templates.

Our Recommendation

To ensure a balanced transition that achieves the EBA's simplification objectives without destabilizing bank reporting operations, we propose an extended implementation timeline. Given that the restructure of F 32.11 and F 32.12 requires significant uplift equivalent to building a new report from start, we request a minimum of 18 to 24 months from the publication of the final PDF/XBRL taxonomy before the first reporting reference date.

We would make the following overarching observations also:

1.General definition

Since there is not a separate glossary for the specific words in the guidance like central bank monetary policy operations, cover pool, central bank's unknown eligibility for Monetary Policy operations, pre-positioned in the pool for monetary Policy operations, general framework etc can we interpret these terminologies in general parlance?

2.Cost of compliance

The proposed AE framework significantly increases reporting granularity and data requirements, resulting in substantial implementation and ongoing compliance costs. In addition, the proposed mapping does not support straightforward reconciliation with related liquidity reporting templates, increasing operational complexity

3.Product classification (F 32.11, F 32.12, F 36.11 and F 36.12)

Guidance requires the split of tradable assets by product type such as covered bonds, corporate bonds, securitisation and one of the rows requires reporting the bonds issued by financial customers which seems to be contradicting with the initial requirement. While the other rows require classification by product but here it requires based on the issuer (i.e. - customers). we need clarification on what value needs to be reported under the cell

4.Central bank reserves (F 32.11, F 32.12, F 36.11 and F 36.12)

Can we interpret the cash held with central bank as the central bank reserves?

5.Eligible for cover pools (F 32.11 and F 32.12)

Explanation required on which type of securities form part of cover pools?

6.Unrealised gains and losses (F 32.11)

Explanation for relevance of this column required for asset encumbrance reporting

<u>Consultation Questions</u>

The restructure of the core Asset Encumbrance templates requires also a complete restructure of the Pillar 3 disclosure templates for encumbered and unencumbered assets, as the proposed changes introduce entirely new templates. The Pillar 3 disclosures need to align to the proposed reporting templates changes. The cost benefit analysis set out in the consultation paper does not take into account the work related to the complete restructuring of the Pillar 3 reporting that Firms would also need to perform in order to synchronize to the new templates. This will add additional burden to Firms. Ideally the consultation paper should also include changes to the Pillar 3 templates.

Furthermore, the new F32.11 and 32.12 templates propose reporting an information that is deemed sensitive and confidential for public use (namely unencumbered assets prepositioned in the pool for monetary policy operations; and encumbered assets used for CB monetary policy operations), as it could reveal financial strategies and policy decisions of firms which could impact market perceptions and economic stability. This information should not be publicly disclosed.

20. Is the mapping between the CBC and the AE information (provided in the annex with the templates) clear? Please explain.

Yes, the mapping template is clear and a useful tool.

However, the proposed amendments appear to introduce structural modifications rather than simplifications, despite the EBA's stated objective of streamlining the framework. In particular, the reporting approach seems to shift from a FINREP-oriented perspective towards a liquidity-focused one, resulting in substantial changes to the reporting architecture.

Given that C 66 are based on market value, while the AE templates are based on the carrying and fair value amounts, the proposed mapping does not appear to ensure a straightforward reconciliation between the two frameworks. Further guidance would be welcomed and helpful on how institutions are expected to bridge this valuation gap and whether any tolerance threshold or adjustment mechanism should be applied. Consequently, for this particular aspect but also in general, it would be of great help to have the new set of validation rules as soon as possible (including eventual cross checks between AE module and CBC one) to address as much correctly as possible the filling of new templates.

Questions related to Cost of compliance

21. Cost of compliance with the reporting requirements: Is or are there any element(s) of this proposal for new and amended reporting requirements that you expect to trigger a particularly high, or in your view disproportionate, effort or cost of compliance? If yes, please:

▪ specify which element(s) of the proposal trigger(s) that particularly high cost of compliance,

▪ explain the nature/source of the cost (i.e. explain what makes it costly to comply with this element of the proposal) and specify whether the cost arises as part of the implementation, or as part of the on-going compliance with the reporting requirements,

▪ offer suggestions on alternative ways to achieve the same/a similar result with lower cost of compliance for you.

As mentioned above, we consider that the proposed revisions to the Asset encumbrance templates is not a simplification and consist of significant changes with an associated cost to overhaul and redesign the existing reporting build.

Costs are generally mainly related to the implementation of the new requirements - development, testing and release.

Simplification due to reduction of national reporting

22. Please indicate any parallel national data collection that could be discontinued due to overlaps in the type of information requested.

N/A – no parallel national data collection