

POSITION PAPER



Market Risk Framework - Overview of questions for consultation

ESBG (European Savings and Retail Banking Group)

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Q1. The ‘thresholds’ template requires a breakdown of the ‘on- and off-balance sheet business subject to market risk’ into on-balance sheet and off-balance sheet business. Is that breakdown clear, or would you need ad-hoc definitions for differentiating ‘on-balance sheet items’ from ‘off-balance sheet items’ to ensure a proper implementation of the reporting requirements? Are there particular challenges or a burden involved in differentiating between on- and off- balance sheet items?

In our view, the proposed breakdown is not completely clear. Therefore, we would require a detailed definition (e.g. a list of the respective instruments and examples) by the EBA to correctly distinguish on-balance from off-balance sheet items, as provided for in draft template C 90.00.

Q2. Are the scope and level of application of the reporting requirements and the content of the templates and the instructions clear?

For reporting on a consolidated basis, in particular with regard to template C 91.00, it is not clear how to deal with different approaches applied by individual entities in the same scope of regulatory consolidation (e.g. entity A uses the MKR-ASA, entity B uses the simplified approach, while entity C does not have a trading book at all).

As we understand the proposed draft ITS, the consolidating entity has to calculate the group-wide own funds requirements for market risk, using the MKR-ASA. In this context, we see the need for clarification by the EBA, whether it is permissible for an entity to report template C 91.00 on an individual basis by using e.g. the simplified approach, while at the same time being covered by the MKR-ASA on a consolidated basis as part of the banking group.



About ESBG (European Savings and Retail Banking Group)

ESBG represents the locally focused European banking sector, helping savings and retail banks in 21 European countries strengthen their unique approach that focuses on providing service to local communities and boosting SMEs. An advocate for a proportionate approach to banking rules, ESBG unites at EU level some 900 banks, which together employ more than 650,000 people driven to innovate at roughly 50,000 outlets. ESBG members have total assets of €5.3 trillion, provide €1 trillion in corporate loans (including to SMEs), and serve 150 million Europeans seeking retail banking services. ESBG members are committed to further unleash the promise of sustainable, responsible 21st century banking. Our transparency ID is 8765978796-80.



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