

Enclosure to GBIC's letter to the ECB of 29 January 2016

Specific comments (examples, not exhaustive)

<p>All relevant instruments (including serviced instruments) (explanatory note 4.5)</p>	<p>We understand "all relevant instruments" to mean only instruments which have to be reported in the first stage, i.e. excluding off-balance-sheet items. We would appreciate clarification of this point.</p>
<p>Off-balance-sheet items are explicitly excluded from the reporting under recital 11 and explanatory note 4.3 and 4.6, according to our understanding</p>	<p>The financial table continues to use the attribute "off-balance sheet amount". This is inconsistent.</p> <p>The explanatory note mentions "credit lines other than revolving credits". We assume that</p> <ul style="list-style-type: none"> ■ only portions drawn on (on-balance) need to be reported (like with overdrafts, credit card debt, other loans), ■ no data need to be reported on off-balance-sheet exposures at the level of individual loans, ■ thresholds are calculated on the basis of drawn amounts.
<p>Provisions associated with off-balance sheet exposures</p>	<p>Given that off-balance-sheet transactions do not need to be reported (see above), the question arises as to why information about provisions associated with such transactions should be supplied.</p>
<p>Mandatory if available (qualification for some attributes)</p>	<p>For some attributes, it is indicated that data only have to be reported if they are available. It is essential to spell out what exactly is meant by this criterion. We see no need to diverge from existing reporting processes and assume data will only need to be reported if they are already stored in the bank's systems.</p>
<p>Syndicated contract identifier</p>	<p>There is as yet no standardisation in this area. Syndicated contract identifiers are not available at present. New data fields would have to be created and new processes to collect the data established.</p> <p>An alternative solution would be to require only the lead arranger to report this item. The other parties involved could then be exempt from reporting.</p>
<p>Debtor versus obligor</p>	<p>Article 1(12) uses the term "debtor" instead of definitions in existing EU legislation. Yet the definition of the attribute "probability of default" refers to the CRR, which uses the term "obligor". While "obligor", as we see it, means the legal (contractual) borrower, the term "debtor" takes more of an economic view. We believe this could occasionally give rise to uncertainty regarding the identity of the counterparty and would recommend consistency with the CRR.</p>

Protection provider	When reporting protection provider information, banks could inadvertently include data about natural persons. This raises serious data protection concerns, in our view.
Protection	<p>We strongly recommend only requiring the reporting of CRR-compliant collateral in order to ensure consistency with COREP. Otherwise, a significant additional workload would be generated out of all proportion to the additional insight gained.</p> <p>Do lendable or market values have to be reported? Do individual values have to be reported or only the total value of the collateral (e.g. if a securities account is used as collateral).</p>
Individual basis	The reference level is unclear, in our view. It should be clarified that banks may determine "single institutional unit" on the basis of either the prudential or banking statistics framework.
Ultimate parent company identifier	<p>We believe the use of this attribute will effectively result in groups of connected clients being deemed to exist even if only one euro is involved. This will generate a reporting workload that will place an undue strain on all banks. We also foresee a number of practical and legal obstacles to obtaining this information in the first place, especially where small and very small loans are involved.</p> <p>There is no guidance at present on how to handle this identifier if it is headed by a natural person. This identifier should therefore only be reported if the information is already available in the bank's systems and if credit exceeding €750,000 has been granted.</p>
Type of entity: distinction between "legal entity" and "quasi-corporation" (e.g. in the case of civil law partnerships (<i>Gesellschaft des bürgerlichen Rechts</i>, GBR))	<p>In the attribute "type of entity", we would ask the ECB to explain in detail the distinction between the value "legal entity" (as defined in the AnaCredit Regulation) and "quasi-corporation" (as defined in Regulation 549/2013). We believe the two definitions partially overlap, making a clear-cut assignment impossible.</p> <p>In Germany, for instance, limited partnerships (<i>Kommanditgesellschaften</i>) and general partnerships (<i>offene Handelsgesellschaften</i>) would both be classified as quasi-corporations on the basis of existing reporting requirements. But they would also be covered by AnaCredit's definition of legal entity, in our view.</p>
"City area/district" vs. "county/administrative division"	<p>We would ask the ECB to clarify the distinction to be made between the attributes "city area/district" and "county/administrative division".</p> <p>Based on the definition of the attribute and the NUTS logic, we would interpret the latter as corresponding to a NUTS 3 region, such as a German <i>Landkreis</i>. As we see it, however, the attribute "city area/district" should correspond to the NUTS 3 level and "county/administrative division" to NUTS 2. Otherwise, interpretation difficulties will arise when deciding what to enter where.</p>

	<p>If postal codes are available, it should, in principle, be possible to make correct entries (possibly by the ECB directly). But tables matching postal codes to NUTS levels are not available online either for all European countries (because of copyright concerns) or for non-EU countries. It is therefore not feasible, in our view, to populate these attributes for certain EU and non-EU countries (the information is not available in existing databases).</p> <p>NB: We find it difficult to understand why the qualification “mandatory – if readily available” has not been included for this attribute. In any event, we would recommend that reporting attributes for typological purposes of this kind should be handled not by the banks, but centrally, by NCBs or the ECB.</p>
Observed agent	<p>The reference level needs to be spelled out in more detail, in our view. If an observed agent were regarded as an independent unit, even internal transactions would have to be reported. We would ask the ECB to clarify this point.</p>
<p>Selected attributes which are not systematically captured at present:</p> <ul style="list-style-type: none"> ■ City area/district as NUTS 3 region ■ Eligibility of protection for credit risk mitigation, especially collateral which is non-eligible for prudential purposes ■ Counterparty role ■ Number of employees ■ Enterprise size ■ Date of enterprise size ■ Annual turnover ■ Status of legal proceedings ■ Date of initiation of legal proceedings ■ Protection original value ■ Protection original value date ■ Accounting classification of instrument ■ Ultimate parent company identifier ■ Syndicated contract identifier ■ Subordinated debt ■ Repayment rights ■ etc. 	