



Public Hearing

EBA

16 December 2013 | London

On Disclosure for the Leverage Ratio under Article 451(2) of
Regulation (EU) No 575/2013 (Capital Requirements Regulation -
CRR)

Agenda

- >Background on EBA tasks
- >Mandate for leverage ratio disclosure
- >Approach of leverage ratio disclosure
- >Frequency

Background – EBA tasks

- > New proposals on capital requirements (CRR / CRDIV) were published by the Commission on 20 July 2011.
- > Presidency compromise texts published and final text of 20 March 2013.
- > Final text of CRR / CRDIV published on 27 June in Official Journal.
- > The CRR contains specific mandates for the EBA to enhance regulatory harmonisation in Europe through the single rulebook.

Background – EBA tasks

EBA regulatory work on the leverage ratio:

- > Supervisory reporting (submitted July 2013)
- > Disclosure (to be delivered 30 June 2014)
- > Ongoing impact assessment on the leverage ratio
- > Pillar 1 migration and minimum level(s)

Mandate for Leverage ratio Disclosure

- > EBA to deliver an ITS by 30 June 2014 containing a uniform disclosure template.
- > The disclosure framework will be in place from 2015 onwards.
- > The proposed template is in line with the Basel CP on this topic, except for the areas where the CRR provides a divergent treatment.
- > The December 2010 BCBS published rules text: disclosure of the leverage ratio and its components starting from 1 January 2015.
- > The BCBS consultative document of 26 June 2013, provides detailed proposals for templates and instructions on leverage ratio disclosure.
- > A revised BCBS is anticipated in the near future.
- > Possibility of changes to leverage ratio exposure definition via delegated act by the European Commission in the first half of 2014 (Art 456(1)(j) CRR)
- > As the final (draft) ITS has to be in line with the CRR, any change to the CRR leverage ratio definition would have to be incorporated.

Approach of Leverage ratio Disclosure

- > The EBA's draft ITS follows the BCBS template and instructions set out in its consultation paper. Similarly:
 - LRSum: reconciliation of the leverage ratio denominator with figures reported under the relevant accounting standard, as required in Article 451(b) CRR;
 - LRCom: provides the leverage ratio, a breakdown of the leverage ratio denominator according to exposure category, and the amount of fiduciary assets that have been derecognised for accounting purposes (as per Article 451(1)(a), 451(1)(b) and 451(1)(c) CRR respectively).

- > Numbering of the template rows consistent with the proposals put forward by the BCBS. Some rows are blanked-out and thus not to be completed. Conversely, furthermore, a number of EU-specific lines were added to the templates (labelled with an 'EU-' prefix), reflecting particularities of the implementation under the CRR.

Approach of Leverage ratio Disclosure

- > To complement the templates proposed by the BCBS, the EBA has developed the following two additional tables:
 - LRSpl: a breakdown of the leverage ratio denominator excluding derivatives and SFTs according to group of counterparty. Institutions can complete this template by drawing on numbers reported under the supervisory reporting ITS.
 - LRQua: institutions are required to disclose qualitative information on institutions' management of risk of excessive leverage and factors that have affected the leverage ratio as required by Article 451(1)(d) and 451(1)(e) CRR.

Frequency

Article 433

Frequency of disclosure

Institutions shall publish the disclosures required by this Part at least on an annual basis.

Annual disclosures shall be published in conjunction with the date of publication of the financial statements.

Institutions shall assess the need to publish some or all disclosures more frequently than annually in the light of the relevant characteristics of their business such as scale of operations, range of activities, presence in different countries, involvement in different financial sectors, and participation in international financial markets and payment, settlement and clearing systems. That assessment shall pay particular attention to the possible need for more frequent disclosure of items of information laid down in Article 437, and points (c) to (f) of Article 438, and information on risk exposure and other items prone to rapid change.

EBA shall, in accordance with Article 16 of Regulation (EU) No 1093/2010, issue guidelines by 31 December 2014 on institutions assessing more frequent disclosures of Titles II and III.

Feedback welcome

We welcome feedback on the draft ITS and in particular on the questions raised in the respective CPs.

Consultation period for the three draft BTS: 24 October 2013 – 24 January 2014.

Thank you

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