

EBA/ITS/2021/01

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Final Report

Final Draft Implementing Technical Standards on disclosure of indicators of global systemic importance by G-SIIs

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1. Executive summary

The final draft implementing technical standards (ITS) on disclosure of indicators of global systemic importance by G-SIIs (ITS on G-SII disclosures) specify the disclosure requirement included in Article 441 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for institutions and investment firms (CRR). In accordance with Article 441 of the CRR, G-SIIs shall disclose, on an annual basis, the values of the indicators used for determining their score in accordance with the identification methodology referred to in Article 131 of Directive (EU) 2019/878.

Article 434a of the CRR¹ includes the mandate for the EBA to develop draft implementing technical standards (ITS) specifying uniform disclosure formats and associated instructions in accordance with which the disclosures required under Titles II and III of Part Eight of the CRR shall be made, including the disclosure required in Article 441. The final draft ITS on G-SII disclosures implements the disclosure requirements included in Article 441 of the CRR². It also amends the EBA's final draft ITS on institutions' public disclosures of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 (comprehensive ITS on institutions' public disclosures) that the EBA developed in accordance with the mandate in Article 434a of the CRR², in order to incorporate G-SII disclosures into the same ITS.

To facilitate the comparability of information, the implementing technical standards shall seek to maintain consistency of disclosure formats with international standards on disclosures. For this purpose, the Pillar 3 disclosure, according to Article 441 of the CRR², is aligned with the BCBS template GSIB1 – 'Disclosure of G-SIB indicators', included in the BCBS March 2017 Pillar 3 standards – 'Pillar 3 disclosure requirements – consolidated and enhanced framework'³.

¹ Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (OJ L 150, 7.6.2019, p. 1–225).

² <https://www.eba.europa.eu/regulation-and-policy/transparency-and-pillar-3/its-of-institutions-public-disclosures-of-the-information-referred-to-in-titles-ii-and-iii-of-part-eight-of-regulation-eu-no-575-2013>

³ <https://www.bis.org/bcbs/publ/d400.pdf>

2. Background and rationale

1. In accordance with Article 441 of the CRR2, institutions identified as G-SIIs are required to disclose, on an annual basis, the values of the indicators used for determining their score in accordance with the identification methodology referred to in Article 131 of Directive (EU) 2019/878.
2. Article 434a of the CRR2 includes the mandate for the EBA to develop draft implementing technical standards (ITS) specifying uniform disclosure formats, and associated instructions in accordance with which the disclosures required under Titles II and III of Part Eight of the CRR shall be made, including the disclosure required in Article 441. These draft ITS implement the disclosure requirements included in Article 441 of the CRR2 and incorporate them into the EBA final draft ITS on institutions' public disclosures of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 (comprehensive ITS on institutions' public disclosures) that the EBA developed in accordance with the mandate in Article 434a of the CRR2, published on 24 June 2020.
3. To facilitate the comparability of information, the implementing technical standards shall seek to maintain consistency of disclosure formats with international standards on disclosures. For this purpose, the Pillar 3 disclosure, according to Article 441 of the CRR2, is aligned with the BCBS template GSIB1 – 'Disclosure of G-SIB indicators', included in the BCBS March 2017 Pillar 3 standards – 'Pillar 3 disclosure requirements – consolidated and enhanced framework'.
4. According to the Basel standard, the disclosure of G-SIB indicators should be consistent with the data submitted on indicators for the identification of G-SIIs that certain banks have to submit to the relevant supervisory authorities, for subsequent remittance to the Committee in the context of its annual data collection exercise for the assessment and identification of G-SIBs. Similarly, in the EU framework, the Pillar 3 disclosure by G-SIIs has to be consistent with information reported by those institutions with a leverage ratio exposure measure above EUR 200 billion to the relevant authorities, for the purpose of the identification exercise.
5. When implementing Article 441 of the CRR2, the EBA has taken into account the following considerations:
 - Template flexibility, due to the need for update on an annual basis in line with the Basel template;
 - Need for consistency with the template reported to their relevant authorities and disclosed by all institutions with a leverage ratio exposure measure above EUR 200 billion, for identification purposes.
6. For the abovementioned reasons, the disclosure provisions implementing Article 441 of the CRR are implemented in a new article that will be added to the comprehensive ITS on institutions' public disclosures, which will be amended by the G-SII disclosures ITS. The new article includes a cross-

reference to Commission Delegated Regulation (EU) No 1222/2014 on regulatory technical standards (RTS) for the specification of the methodology for the identification of global systemically important institutions. The G-SII disclosures ITS do not include a specific template, but a cross reference to the format used for the collection of the relevant indicators by relevant authorities, a format that has to be applied by G-SIIs when disclosing the relevant information in their Pillar 3 reports.

7. The final draft ITS were published for a consultation process that finished on 4 August 2020. One of the comments received during the consultation was that it might be the case that G-SIIs have to disclose the information on G-SII indicators before their deadline for submitting the same information to their relevant authorities. If, after the disclosure date, institutions adjust the value of any of the indicators disclosed, there would be differences between the data submitted to the relevant authority and the information disclosed. The final draft ITS have been adjusted to reflect this possible situation, and now ask institutions to restate and republish the abovementioned information in the first Pillar 3 report following the final submission of the indicator values to the relevant authorities where the submitted figures are different with respect to those disclosed in the year-end Pillar 3 report.
8. Another comment received during the consultation process proposes the possibility that institutions include in their Pillar 3 reports a cross-reference to their own publication of the template with the G-SII indicators as submitted to their relevant authorities, instead of the proper template. The template including the information on G-SII indicators has to be included by the G-SIIs in their Pillar 3 report as of the disclosure reference date, together with the other Pillar 3 disclosures. Signposting or cross reference to the template disclosed by the institution when submitting the data at the beginning of the identification process is not possible, in accordance with the requirement included in Article 434 of the CRR, which requires institutions to disclose all the information required under Titles II and III in electronic format and in a single medium or location.

3. Final draft implementing standards

Proposal for a

COMMISSION IMPLEMENTING REGULATION (EU) .../...

of XXX

amending Commission Implementing Regulation (EU) [ITS are currently with the COM and are being translated. The number is to be added when the ITS are published in the OJ] laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council, , and repealing Commission Implementing Regulation (EU) No 1030/2014

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,
Having regard to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for institutions and investment firms and amending Regulation (EU) No 648/2012¹ and in particular Article 434a and 441a thereof,

Whereas:

- (1) Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/876² provides that G-SIIs shall disclose, on an annual basis, the values of the indicators used for determining their score in accordance with the identification methodology referred to in Article 131 of Directive 2013/36/EU³. Commission Delegated Regulation (EU)

¹ OJ L 176, 27.6.2013, p. 1.

² Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (OJ L 150, 7.6.2019, p. 1).

³ Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p.338).

No 2016/1608⁴ on the specification of that methodology, issued on the basis of that Article, has been amended to take into account the revised international standards on the identification of global systemically important banks adopted by the Basel Committee on Banking Supervision (BCBS) in July 2018⁵. As a result, rules on disclosure of the relevant values of the indicators used for determining G-SIIs' scores should be amended to reflect that new methodology.

- (2) Furthermore, Regulation (EU) 2019/876 repealed paragraph 2 of Article 441 of Regulation (EU) No 575/2013. There is, therefore, a need to set out the uniform format for that disclosure item in line with the updated G-SIIs identification methodology while Commission Implementing Regulation (EU) No 1030/2014 should be repealed in its entirety.
- (3) This Regulation is based on the draft implementing technical standards submitted by the European Banking Authority (EBA) to the Commission..
- (4) The EBA has conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the opinion of the Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council⁶.
- (5) Implementing Regulation (EU) [xx/xxx] should therefore be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

Amendments to Implementing Regulation (EU) [xx/xxx]

Implementing Regulation (EU) [xx/xxx] is amended as follows:

- (1) The following Article 6a is inserted:

“Article 6a

Disclosure of indicators of global systemic importance

G-SIIs shall disclose the information referred to in Article 441 of Regulation (EU) No 575/2013, by using the same format used for the collection of the indicator values by relevant authorities as set out in Article 3(2) of Commission Delegated Regulation (EU) No 1222/2014, with the exception of any ancillary data and memorandum items referred to in that Article.

⁴ Commission Delegated Regulation (EU) 2016/1608 of 17 May 2016 amending Delegated Regulation (EU) No 1222/2014 with regard to regulatory technical standards for the specification of the methodology for the identification of global systemically important institutions and for the definition of subcategories of global systemically important institutions (*OJ L 240, 8.9.2016, p. 1*).

⁵ The Basel Framework - SCO40: Global systemically important banks.

⁶ Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (*OJ L 331, 15.12.2010, p. 12*).

Institutions shall disclose the abovementioned information in their year-end Pillar 3 report. Institutions shall restate and republish the abovementioned information in their first Pillar 3 report following the final submission of the indicator values to the relevant authorities, where the submitted figures are different respect to those disclosed in the year-end Pillar 3 report.”

Article 2
Repeal

Implementing Regulation (EU) No 1030/2014 is repealed.

Article 3
Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Commission
The President

[For the Commission
On behalf of the President

[Position]

4. Accompanying documents

4.1 Cost-benefit analysis / impact assessment

9. As per Article 15 of Regulation (EU) No 1093/2010 (EBA Regulation), before submitting draft implementing technical standards (ITS) to the Commission, the EBA shall analyse the potential related costs and benefits. Any ITS developed by the EBA shall therefore be accompanied by an Impact Assessment (IA) that analyses ‘the potential related costs and benefits’.

10. This analysis presents the Impact Assessment of the main policy option included in these final draft ITS, amending the ITS with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013. The IA is high level and qualitative in nature.

A. Problem identification

11. As per Article 441 of the CRR, G-SIIs shall disclose, on an annual basis, the values of the indicators used for determining their score in accordance with the identification methodology referred to in Article 131 of Directive 2013/36/EU. The ITS on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013, developed by the EBA in accordance with the mandate in Article 434a of the CRR2 and published on 24 June 2020 (comprehensive ITS on institutions’ public disclosures)¹, currently do not include any information on Article 441 of the CRR.

B. Policy objectives

12. The draft ITS implement the disclosure provisions under Article 441 CRR through a new article that will be added to the comprehensive ITS on institutions’ public disclosures.

C. Options considered, assessment of the options and preferred options

13. Section C. presents the main policy option discussed and the decisions made during the development of the draft ITS.

Option 1a: Develop a template for the purpose of the ITS and the new article on the P3 disclosure by G-SIIs

¹ [Implementing Technical Standards \(ITS\) on institutions’ public disclosures of the information referred to in Titles II and III of Part Eight of Regulation \(EU\) No 575/2013](#)

Option 1b: Include a cross reference in the new article to the template already submitted by institutions to relevant authorities as part of the G-SII identification process

14. According to Basel standards, the disclosure of indicators by G-SIIs needs to be consistent with the information submitted by institutions to relevant authorities as part of the G-SII identification process. For the EU, the latter are those submitted by institutions with a leverage ratio exposure measure above EUR 200 billion to the relevant authorities, and these may be subject to frequent (annual) updates in order to align and ensure consistency with Basel templates.

15. As a result, in order to ensure consistency with the templates submitted to relevant authorities, which in turn need to be consistent with Basel templates, the templates for the disclosure of indicators of global systemic importance (CRR Article 441), will also be subject to frequent updates. For this reason, **option 1b has been assessed as preferred to option 1a**. The template for the disclosure required under Article 441 is implemented by a cross-reference to the Commission Delegated Regulation (EU) No 1222/2014 on regulatory technical standards (RTS) for the specification of the methodology for the identification of global systemically important institutions (i. e. the templates to be submitted to the relevant authorities as part of the G-SII identification process). This will ensure that templates are always up to date, ensuring consistency at all times, and at the same time, minimising costs to both institutions and relevant authorities as the burden of updating and checking for the correct templates is eliminated.

D. Conclusion

16. The ITS entail the addition of an article to the existing ITS on institutions' disclosure under Pillar 3. As such, this is a minor change, which is fully mandated as per CRR Article 441. The implementation of the disclosure requirements has been performed in a way that leads to maximum consistency and minimum costs.

4.2 Feedback on the public consultation

The EBA publicly consulted on the draft proposal contained in this paper.

The consultation period was launched on 5 March 2020 and ended on 4 August 2020. One response was received and published on the EBA website.

This paper presents a summary of the key points and other comments arising from the consultation, the analysis and discussion triggered by these comments and the actions taken to address them if deemed necessary.

Changes to the final draft ITS have been incorporated as a result of the responses received during the public consultation.

Summary of key issues and the EBA's response

One of the comments received during the consultation was that it might be the case that G-SIIs have to disclose the information on G-SII indicators before the deadline that they have to submit the same information to their relevant authorities. The final draft ITS have been adjusted to reflect this possible situation.

Another comment received during the consultation process proposes the possibility that institutions include in their Pillar 3 reports a cross-reference to their own publication of the template with the G-SII indicators as submitted to their relevant authorities, instead of the proper template. Signposting or cross reference to the template disclosed by the institution when submitting the data at the beginning of the identification process is not possible, following the requirement included in Article 434 CRR.

Summary of responses to the consultation and the EBA’s analysis

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<p>Timing of publication of information on G-SIIs indicators in the Pillar 3 disclosures</p>	<p>Owing to timing differences between the schedules of the annual Pillar 3 disclosure and GSII reporting and disclosure, we would like to ensure that there is no requirement to make the GSII metrics form part of our Pillar 3 disclosure - even if it's without ancillary data and memorandum items. There should just be a link to the section on institutions' websites where investors can find the most up to date indicators that would meet the disclosure requirements set out in the consultation.</p> <p>By way of background, we would highlight that some institutions disclose their Pillar 3 information for the beginning of March, when the deadline for GSII data disclosure is 30 April. There's a timing issue and we don't see the benefit to duplicate prior year disclosure. We believe that the linkage to the most up to date indicators would be sufficient and in the interests of all stakeholders, whereas the disclosure of the GSII templates directly in the Pillar 3 process would create an about one-year delay to GSII data disclosure.</p>	<p>According to Article 434 CRR, "Institutions shall disclose all the information required under Titles II and III in electronic format and in a single medium or location. The single medium or location shall be a standalone document that provides a readily accessible source of prudential information for users of that information or a distinctive section included in or appended to the institutions' financial statements or financial reports containing the required disclosures and being easily identifiable to those users."</p> <p>Following this provisions, signposting of Pillar 3 information is not allowed by the CRR. This means that the template with all the information on G-SIIs indicators as of the disclosure reference date has to be included by the G-SII in their Pillar 3 report for that reference date. GSII may republish this template in their next Pillar 3 report in case that they need to restate figures to reflect final data submitted to their relevant authorities; this has been clarified in the final draft ITS.</p>	<p>A new sub-paragraph has been inserted to clarify the timing of publication of the disclosure. Moreover, in the background and rationale section has been clarified that signposting for the disclosures is not admitted.</p>