

Guidelines on the specification and disclosure of systemic importance indicators

(EBA/GL/2020/14)

The Guidelines of the European Banking Authority (EBA) are addressed to institutions and to competent authorities as defined in Article 4(2)(i) of Regulation (EU) No 1093/2010, or, where different, the designated authorities referred to in Article 131(1) of Directive 2013/36/EU.

The Guidelines have been drawn up in accordance with the mandate conferred on the EBA in Article 131 of Directive 2013/36/EU.

The purpose of the Guidelines is to include the revision conducted in 2018 by the Basel Committee on Banking Supervision of the indicators and templates used to identify global systemically important institutions (G-SIIs) and to disclose those indicators and the underlying data, and likewise to include the elements required to implement the additional identification methodology for G-SIIs introduced by Directive (EU) 2019/878 (CRD V). The framework for identifying G-SIIs in the European Union is currently based on three legislative instruments which are now under review: a Commission Delegated Regulation, a Commission Implementing Regulation and the EBA Guidelines. These provide the full list of the indicators and data used to identify G-SIIs and that must be disclosed by the institutions. The new Guidelines replace the EBA's revised Guidelines on the specification of the indicators of global systemic importance and their disclosure (EBA/GL/2016/01).

These Guidelines have been developed by the EBA in accordance with Article 16 of Regulation (EU) 1093/2010. The EBA published the English version of these Guidelines on 4 November 2020 and the Spanish version on 16 December 2020. The Guidelines will apply from 16 December 2020.

The Banco de España, in its capacity as designated authority to use the macroprudential tools envisaged in Directive 2013/36/EU, adopted these Guidelines as its own on 8 February 2021 by resolution of its Executive Commission.

These Guidelines shall apply to credit institutions, including the Instituto de Crédito Oficial, and to specialised lending institutions.

EBA/GL/2020/14

4 November 2020

Final Report

Guidelines on the specification and disclosure of systemic importance indicators

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1. Executive summary

The EBA methodology for identifying global systemically important institutions (G-SIIs) closely follows the approach of the Basel Committee on Banking Supervision (BCBS) to identifying global systemically important banks (G-SIBs), as they are referred to in BCBS terminology. In July 2018, the BCBS published an update to its approach to identifying G-SIBs. This version replaced the July 2013 BCBS publication that had for the first time established an international framework for identifying G-SIBs.

Consequently, the regulatory technical standards (RTS) on the methodology for identifying G-SIIs have to be updated. In addition, Article 131 of Directive (EU) 2019/878 requires that the EBA design an additional identification methodology for G-SIIs based both on the existing international standards and on the cross-border activity of the group, excluding the group's activities across participating Member States as referred to in Article 4 of Regulation (EU) No 806/2014 of the European Parliament and of the Council. After considering a range of available alternatives, the EBA concluded that the recognition in full of the integration process concerning the European Banking Union and its Single Resolution Mechanism (SRM) is of key importance and should therefore be entirely translated into the computation of cross-jurisdictional activity indicators underpinning the methodology to identify G-SIIs. The list of EU G-SIBs identified by the BCBS and the G-SIIs identified by Member States' authorities have been identical since 2014 and are expected to remain so in future.

For practical reasons, data instructions on indicator values and detailed template specifications are included in the EBA guidelines. Annual updates to these instructions and specifications will be published on the EBA website, and they should be taken into account by all groups and institutions with an exposure measure exceeding EUR 200 billion, with insurance subsidiaries' activities included in the calculation.

Next steps

The draft RTS will be submitted to the Commission for endorsement, following which they will be subject to scrutiny by the European Parliament and the Council before being published in the *Official Journal of the European Union*, if necessary.

The guidelines will be translated into the official EU languages and published on the EBA website. The deadline for competent authorities to report whether they comply with the guidelines will be two months after the publication of the translations.

2. Background and rationale

The EBA methodology for identifying G-SIIs closely follows the approach of the BCBS to identifying G-SIBs. In July 2018, the BCBS published an update to its approach to identifying G-SIBs. This version replaced the July 2013 BCBS publication that had for the first time established an international framework for identifying G-SIBs. Consequently, the RTS on the methodology for identifying G-SIIs have to be updated.

The list of EU G-SIBs identified by the BCBS and the G-SIIs identified by Member States' authorities have been identical since 2014 and are expected to remain so in future. This is in line with Article 131 of Directive (EU) 2019/878, which requires that the methodology take into account internationally agreed standards. In addition, this newly amended article requires that the EBA design an additional identification methodology for G-SIIs based both on the existing international standards and on the cross-border activities of the group, excluding the group's activities across participating Member States as referred to in Article 4 of Regulation (EU) No 806/2014 of the European Parliament and of the Council. In accordance with the G-SIB assessment methodology published by the BCBS, the cross-jurisdictional claims and liabilities of an institution are indicators of its global systemic importance and of the impact that its failure could have on the global financial system. Those indicators, which are to refer to 31 December, reflect specific concerns, for instance about the greater difficulty of coordinating the resolution of institutions with significant cross-border activities. The progress made in terms of the common approach to resolution resulting from the reinforcement of the Single Rulebook and from the establishment of the SRM has significantly increased the ability to resolve cross-border groups within the Banking Union in an orderly manner. Therefore, and without prejudice to the capacity of competent or designated authorities to exercise their supervisory judgement, an alternative score reflecting that progress should be calculated. Competent and designated authorities should consider that score when assessing the systemic importance of credit institutions, without its affecting the data supplied by EU authorities to the BCBS for the determination of international denominators. These EBA RTS deliver on that mandate by specifying the technical details of the additional identification methodology for identifying G-SIIs and assigning corresponding buffer rates, ensuring recognition of the integrated European resolution framework within the context of the SRM. This additional EU methodology may be used by supervisors in framing the discussions held at the BCBS for the purpose of defining the annual list of G-SIBs and related higher capital buffer requirements. The draft RTS will apply from the 2022 G-SII assessment exercise based on end-2021 information.

To ensure convergent practices, the EBA guidelines on the specification of indicators of global systemic importance harmonise the *ex ante* disclosure process of the indicators and the underlying values needed for the yearly identification exercise. These EBA guidelines are being updated at the same time as these RTS, also as a result of the revised Basel framework published in July 2018. Indicator values are to refer to 31 December, unless a relevant entity using a financial year-end other than 31 December agrees with its relevant authority on a different reference date. These disclosure requirements apply not only to institutions that have already been identified as G-SIIs but also to other very large entities in the EU that have an overall leverage ratio exposure measure exceeding

EUR 200 billion, as measured on 31 December. By including these two sets of comparable institutions within the scope of Article 131(1) of Directive (EU) 2019/878, the guidelines ensure that other potentially significant threats to financial stability are revealed and assessed. The guidelines thus go beyond the requirements of the regulation, enabling Member State authorities to perform the identification and scoring process and disclosure in a timely manner, and in particular before the identification of any G-SIIs. The guidelines are addressed to both competent and designated authorities and institutions.

In addition to setting out the disclosure requirements in the EBA guidelines, the EBA will seek to establish, through the implementing technical standards on supervisory reporting, reporting obligations for the same systemic importance indicators, in a proportionate manner and for large institutions only. The availability and accuracy of such data, which is expected to be thoroughly checked by reporting institutions in scope and the relevant authorities, will be of paramount importance for the soundness of the EU framework for identifying and assigning buffer rates to G-SIIs, and therefore for its credibility at global level.

The RTS on the identification methodology for G-SIIs and the EBA guidelines will be under ongoing review, as the BCBS identification process results in regular reviews of the identification methodology.

3. Guidelines on the specification and disclosure of systemic importance indicators

EBA/GL/2020/14

4 November 2020

Guidelines

on the specification and disclosure of systemic importance indicators

1. Compliance and reporting obligations

Status of these guidelines

1. This document contains guidelines issued pursuant to Article 16 of Regulation (EU) No 1093/2010.¹ In accordance with Article 16(3) of Regulation (EU) No 1093/2010, competent authorities and financial institutions must make every effort to comply with the guidelines.
2. Guidelines set out the EBA's view of appropriate supervisory practices within the European System of Financial Supervision or of how Union law should be applied in a particular area. Competent authorities as defined in Article 4(2) of Regulation (EU) No 1093/2010 to whom guidelines apply should comply by incorporating them into their practices as appropriate (e.g. by amending their legal framework or their supervisory processes), including where guidelines are directed primarily at institutions.

Reporting requirements

3. In accordance with Article 16(3) of Regulation (EU) No 1093/2010, competent authorities must notify the EBA that they comply or intend to comply with these guidelines, or otherwise provide reasons for non-compliance, by 16/02/2021. In the absence of any notification by this deadline, competent authorities will be considered by the EBA to be non-compliant. Notifications should be sent by submitting the form available on the EBA website with the reference 'EBA/GL/2020/14'. Notifications should be submitted by persons with appropriate authority to report compliance on behalf of their competent authorities. Any change in the status of compliance must also be reported to the EBA.
4. Notifications will be published on the EBA website, in line with Article 16(3).

¹ 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).

2. Subject matter, scope and definitions

Subject matter

5. These guidelines relate to:
- i. the specification of the indicators used for the identification of global systemically important institutions (G-SIIs) as set out in Regulation (EU) No 1222/2014 ('indicators'); and
 - ii. the reporting of the underlying data (indicators, ancillary data and memorandum items) and the annual disclosure of the resulting indicator values used for the identification of G-SIIs.

Scope of application

6. These guidelines apply in relation to
- i. groups headed by an EU parent institution, an EU parent financial holding company or an EU parent mixed financial holding company; and
 - ii. institutions that are not subsidiaries of an EU parent institution, an EU parent financial holding company or an EU parent mixed financial holding company

that observe a leverage ratio exposure measure exceeding EUR 200 billion on a consolidated or individual basis, respectively (and including insurance subsidiaries), using an adequate exchange rate that takes into account the reference exchange rate published by the European Central Bank applicable at the financial year end and international standards ('relevant entities').

Addressees

7. These guidelines are addressed to competent authorities as defined in point (i) of Article 4(2) of Regulation (EU) No 1093/2010 and to financial institutions in relation to which these guidelines apply. Designated authorities referred to in Article 131(1) of Directive 2013/36/EU other than competent authorities are encouraged to apply these guidelines. Both competent and designated authorities are referred to in these guidelines as 'relevant authorities'.

3. Implementation

Date of application

8. These guidelines apply from 16/12/2020

Repeal

The revised guidelines on the further specification of the indicators of global systemic importance and their disclosure of 29 February 2016 (EBA/GL/2016/01) are hereby repealed.

4. Specification of the underlying data and indicators used for the identification of G-SIIs

9. When determining the scores of the relevant entities on the basis of the indicators, the relevant authorities should apply the specifications of the underlying data on such indicators as set out in the annex to these guidelines.

10. The relevant authorities should apply the ancillary data (Sections 14 and 15 of the annex) to support their supervisory judgement in accordance with Article 131(10) of Directive 2013/36/EU and the memorandum items (Sections 16 to 21 of the annex) to improve data quality and to help in developing future improvements to the identification methodology. The memorandum items should be complemented with detailed comments from relevant entities regarding data quality and availability where appropriate.

5. Requirements regarding reporting and disclosure by relevant institutions

11. The relevant authorities should ensure that they collect all data (indicators, ancillary data and memorandum items) from relevant entities that meet the criteria specified in paragraph 6 of these guidelines on 31 December of each year. The data should be collected on the basis of the specifications of the underlying data as set out in the annex to these guidelines. When reporting the data, relevant entities should follow the yearly instructions published on the EBA website.
12. The relevant authorities should ensure that relevant entities publicly disclose on their websites the underlying data and indicator values specified in Sections 1 to 13 of the annex to these guidelines, on an annual basis.
13. When reporting and disclosing the information referred to in paragraphs 11 and 12, relevant entities should use the electronic template and follow the yearly instructions published for this purpose on the EBA website.
14. Relevant entities should report and publicly disclose the information referred to in paragraphs 11 and 12 on an annual basis, no later than four months after each financial year-end. When doing so, relevant entities should identify themselves using their Legal Entity Identifiers (LEIs).
15. The relevant authorities may allow relevant entities whose financial year-end does not coincide with 31 December to report and disclose that information based on their position as close as possible to 31 December. In any case, disclosure of the information should be made no later than 31 July.
16. The relevant authorities should ensure that the reported and disclosed data are identical to those submitted to the Basel Committee on Banking Supervision, where applicable.

6. Information to the EBA

17. The relevant authorities should provide the EBA with all the data, including ancillary data and memorandum items, collected in accordance with these guidelines so that they can be collated on the EBA website. Relevant entities should identify themselves using their LEIs. The EBA will not disclose the ancillary data and memorandum items.

Annex

Template

General bank data

Section 1 – General information	Response
a. General information provided by the relevant supervisory authority:	
(1) Country code	
(2) Bank name	
(3) Reporting date (yyyy-mm-dd)	
(4) Reporting currency	
(5) Euro conversion rate	
(6) Submission date (yyyy-mm-dd)	
b. General information provided by the reporting institution:	
(1) Reporting unit	
(2) Accounting standard	
(3) Date of public disclosure (yyyy-mm-dd)	
(4) Language of public disclosure	
(5) Web address of public disclosure	

Size indicators

Section 2 – Total exposures	Amount
a. Derivatives	
(1) Counterparty exposure of derivatives contracts	
(2) Capped notional amount of credit derivatives	
(3) Potential future exposure of derivatives contracts	
b. Securities financing transactions (SFTs)	
(1) Adjusted gross value of SFTs	
(2) Counterparty exposure of SFTs	
c. Other assets	
d. Gross notional amount of off-balance-sheet items	
(1) Items subject to a 0% credit conversion factor (CCF)	
(2) Items subject to a 20% CCF	
(3) Items subject to a 50% CCF	
(4) Items subject to a 100% CCF	
e. Regulatory adjustments	
f. Total exposures indicator (total exposures prior to regulatory adjustments; sum of items 2.a.(1) to 2.c., 0.1 times item 2.d.(1), 0.2 times item 2.d.(2), 0.5 times item 2.d.(3), and item 2.d.(4))	

Interconnectedness indicators

Section 3 – Intra-financial system assets	Amount
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a. Funds deposited with or lent to other financial institutions	
(1) Certificates of deposit	
b. Unused portion of committed lines extended to other financial institutions	
c. Holdings of securities issued by other financial institutions:	
(1) Secured debt securities	
(2) Senior unsecured debt securities	
(3) Subordinated debt securities	
(4) Commercial paper	
(5) Equity securities	
(6) Offsetting short positions in relation to the specific equity securities included in item 3.c.(5)	
d. Net positive current exposure of securities financing transactions with other financial institutions	
e. Over-the-counter derivatives with other financial institutions that have a net positive fair value:	
(1) Net positive fair value	
(2) Potential future exposure	
f. Intra-financial system assets indicator (sum of items 3.a, 3.b to 3.c.(5), 3.d, 3.e.(1) and 3.e.(2), minus item 3.c.(6))	

Section 4 – Intra-financial system liabilities	Amount
a. Funds deposited by or borrowed from other financial institutions	
(1) Deposits due to depository institutions	
(2) Deposits due to non-depository financial institutions	
(3) Loans obtained from other financial institutions	
b. Unused portion of committed lines obtained from other financial institutions	
c. Net negative current exposure of securities financing transactions with other financial institutions	
d. Over-the-counter derivatives with other financial institutions that have a net negative fair value:	
(1) Net negative fair value	
(2) Potential future exposure	
e. Intra-financial system liabilities indicator (sum of items 4.a.(1) to 4.d.(2))	

Section 5 – Securities outstanding	Amount
a. Secured debt securities	
b. Senior unsecured debt securities	
c. Subordinated debt securities	
d. Commercial paper	
e. Certificates of deposit	
f. Common equity	
g. Preferred shares and any other forms of subordinated funding not captured in item 5.c.	
h. Securities outstanding indicator (sum of items 5.a to 5.g)	

Substitutability/financial institution infrastructure indicators

Section 6 – Payments made in the reporting year (excluding intragroup payments)	Amount
a. Australian dollars (AUD)	
b. Brazilian reais (BRL)	

c. Canadian dollars (CAD)	
d. Swiss francs (CHF)	
e. Chinese yuan (CNY)	
f. Euros (EUR)	
g. British pounds (GBP)	
h. Hong Kong dollars (HKD)	
i. Indian rupee (INR)	
j. Japanese yen (JPY)	
k. Mexican pesos (MXN)	
l. Swedish kronor (SEK)	
m. United States dollars (USD)	
n. Payments activity indicator (sum of items 6.a to 6.l)	
Section 7 – Assets under custody	Amount
a. Assets under custody indicator	
Section 8 – Underwritten transactions in debt and equity markets	Amount
a. Equity underwriting activity	
b. Debt underwriting activity	
c. Underwriting activity indicator (sum of items 8.a and 8.b)	
Complexity indicators	
Section 9 – Notional amount of over-the-counter (OTC) derivatives	Amount
a. OTC derivatives cleared through a central counterparty	
b. OTC derivatives settled bilaterally	
c. OTC derivatives indicator (sum of items 9.a and 9.b)	
Section 10 – Trading and available-for-sale securities	Amount
a. Held-for-trading (HFT) securities	
b. Available-for-sale (AFS) securities	
c. Trading and AFS securities that meet the definition of Level 1 assets	
d. Trading and AFS securities that meet the definition of Level 2 assets, with haircuts	
e. Trading and AFS securities indicator (sum of items 10.a and 10.b, minus the sum of items 10.c and 10.d)	
Section 11 – Level 3 assets	Amount
a. Level 3 assets indicator (assets valued for accounting purposes using Level 3 measurement inputs)	
Cross-jurisdictional activity indicators	
Section 12 – Cross-jurisdictional claims	Amount
a. Cross-jurisdictional claims indicator (total foreign claims on an ultimate risk basis)	
Section 13 – Cross-jurisdictional liabilities	Amount
a. Foreign liabilities (excluding derivatives and local liabilities in local currency)	

(1) Any foreign liabilities to related offices included in item 13.a
b. Local liabilities in local currency (excluding derivatives activity)
c. Cross-jurisdictional liabilities indicator (sum of items 13.a and 13.b, minus item 13.a.(1))

Ancillary data

Section 14 – Ancillary indicators	Amount
a. Total liabilities	
b. Retail funding	
c. Wholesale funding dependence ratio (the difference between items 14.a and 14.b, divided by item 14.a)	
d. Total gross revenue	
e. Total net revenue	
f. Foreign net revenue	
g. Gross value of cash provided and gross fair value of securities provided in SFTs	
h. Gross value of cash borrowed and gross fair value of securities borrowed in SFTs	
i. Gross positive fair value of OTC derivatives transactions	
j. Gross negative fair value of OTC derivatives transactions	
	Amount in single units
k. Number of jurisdictions	
Section 15 – Ancillary items	Amount
e. Held-to-maturity securities	
f. Payments made in the reporting year	
(1) New Zealand dollars (NZD)	
(2) Russian roubles (RUB)	

Memorandum items

Section 16 – Size items	Amount
a. Account value for variable insurance products with minimum guarantees, gross of reinsurance	
b. Account value for variable insurance products with minimum guarantees, net of reinsurance	
c. Investment value and guarantee value for unit-linked products gross of reinsurance	
d. Total exposures, including insurance subsidiaries	
e. Exposures of insurance subsidiaries:	
(1). On-balance-sheet and off-balance-sheet insurance assets	
(2) Potential future exposure of derivatives contracts for insurance subsidiaries	
(3) Investment value in consolidated entities	
f. Exposure of insurance subsidiaries already included in prudential regulatory scope of consolidation	

Section 17 – Interconnectedness items	Amount
a. Intra-financial system assets, including insurance subsidiaries	
(1) Funds deposited with or lent to other financial institutions	
(2) Unused portion of committed lines extended to other financial institutions	
(3) Holdings of securities issued by other financial institutions	
(4) Net positive current exposure of SFTs with other financial institutions	
(5) OTC derivatives with other financial institutions that have a net positive fair value	
b. Intra-financial system assets, including asset management companies	
c. Intra-financial system assets, including private equity funds	
d. Over-the-counter derivatives with other financial institutions that have a net positive fair value (revised definition)	
e. Intra-financial system liabilities, including insurance subsidiaries	
(1) Funds deposited by or borrowed from other financial institutions	
(2) Unused portion of committed lines obtained from other financial institutions	
(3) Net negative current exposure of SFTs with other financial institutions	
(4) OTC derivatives with other financial institutions that have a net negative fair value	
f. Intra-financial system liabilities, including asset management companies	
g. Intra-financial system liabilities, including private equity funds	
h. Over-the-counter derivatives with other financial institutions that have a net negative fair value (revised definition)	
i. Securities outstanding, including the securities issued by insurance subsidiaries	
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Section 18 – Substitutability/financial infrastructure items	Amount
a. Payments made as a correspondent for other banks	
(1) Australian dollars (AUD)	
(2) Brazilian reais (BRL)	
(3) Canadian dollars (CAD)	
(4) Swiss francs (CHF)	
(5) Chinese yuan (CNY)	
(6) Euros (EUR)	
(7) Pounds sterling (GBP)	
(8) Hong Kong dollars (HKD)	
(9) Indian rupees (INR)	
(10) Japanese yen (JPY)	
(11) Swedish kronor (SEK)	
(12) United States dollars (USD)	
(13) Mexican pesos (MXN)	
(14) New Zealand dollars (NZD)	
(15) Russian roubles (RUB)	
b. Trading volume of securities issued by sovereigns	
(1) Any intragroup transactions included in item 18.b	
c. Trading volume of securities issued by other public sector entities	
(1) Any intragroup transactions included in item 18.c	
d. Trading volume of other fixed income securities	

(1) Any intragroup transactions included in item 18.d	
e. Trading volume of listed equities	
(1) Any intragroup transactions included in item 18.e	
f. Trading volume of all other securities	
(1) Any intragroup transactions included in item 18.f	
g. Initial margin posted to central counterparties (CCPs) on behalf of clients	
h. Initial margin posted to CCPs for the reporting group's own account	
i. Default fund contributions to CCPs	
j. Other facilities to CCPs	
k. Provision of settlement services in connection with centrally cleared transactions	
l. Payments made in the reporting year (excluding intragroup payments): of which those that are made to central banks	
(1) Transactions related to central bank operations	
(2) Payments related to the purchase of sovereign debt	
(3) Other transactions to central banks	
Section 19 – Complexity items	Amount
a. Notional amount of OTC derivatives, including insurance subsidiaries	
(1) Cleared through a CCP where the group (including insurance subsidiaries) acts as a financial intermediary (CCP-leg)	
(2) Cleared through a CCP where the group (including insurance subsidiaries) acts as a financial intermediary (Client-leg)	
(3) Cleared through a CCP where the group, including insurance subsidiaries, acts as an agent	
(4) Cleared through a CCP where the group, including insurance subsidiaries, trades on its own account	
(5) Settled bilaterally	
b. Trading and AFS securities gross of deduction of liquid assets, including insurance subsidiaries	
c. Trading and AFS securities, including insurance subsidiaries, that meet the definition of Level 1 assets	
d. Trading and AFS securities, including insurance subsidiaries, that meet the definition of Level 2 assets, with haircuts	
e. Trading and AFS securities, held by insurance subsidiaries only	
f. Level 3 assets, including insurance subsidiaries	
g. Level 2 assets (assets valued for accounting purposes using Level 2 measurement inputs)	
h. Level 2 assets, including insurance subsidiaries	
i. Trading and AFS securities gross of deduction of liquid assets, including insurance subsidiaries	
j. Trading and AFS securities, including insurance subsidiaries, that meet the definition of Level 1 assets	
k. Trading and AFS securities, including insurance subsidiaries, that meet the definition of Level 2 assets, with haircuts	
l. Trading and AFS securities, held by insurance subsidiaries only	
m. Level 3 assets, including insurance subsidiaries	
(1) Level 2 assets, including insurance subsidiaries, cleared through a CCP	
(2) Level 2 assets, including insurance subsidiaries, settled bilaterally	
(3) Other Level 2 assets	
n. Average value of Level 3 assets	

o. Average value of Level 2 assets	
Section 20 – Cross-jurisdictional activity items	Amount
a. Foreign derivative claims on an ultimate risk basis	
b. Foreign liabilities on an immediate risk basis (including derivatives)	
(1) Foreign derivative liabilities on an immediate risk basis	
c. Local liabilities in local currency (including derivatives activity)	
d. Cross-jurisdictional local claims in local currency (excluding derivatives activity)	
e. Cross-jurisdictional local claims in local currency (including derivatives activity)	
f. Total foreign claims on an ultimate risk basis (considering the euro area (EA) as a single jurisdiction)	
g. Foreign derivatives claims on an ultimate risk basis (considering the EA as a single jurisdiction)	
h. Foreign liabilities on an immediate risk basis, including derivatives (considering the EA as a single jurisdiction)	
(1) Foreign derivatives liabilities on an immediate risk basis (considering the EA as a single jurisdiction)	
i. Cross-jurisdictional local claims in local currency, excluding derivatives activity (considering the EA as a single jurisdiction)	
j. Cross-jurisdictional local claims in local currency, including derivatives activity (considering the EA as a single jurisdiction)	
k. Foreign liabilities, excluding derivatives and local liabilities in local currency (considering the EA as a single jurisdiction)	
(1) Any foreign liabilities to related offices included in item 20.h (considering the EA as a single jurisdiction)	
l. Local liabilities in local currency excluding derivatives (considering the EA as a single jurisdiction)	
m. Local liabilities in local currency including derivatives (considering the EA as a single jurisdiction)	
n. Total net local positions in local currency including derivatives, if net positive	
o. Total net local positions in local currency including derivatives, if net negative	
p. Total net local positions in local currency in non-EA countries including derivatives, if net positive (considering the EA as a single jurisdiction)	
q. Total net local positions in local currency in non-EA countries including derivatives, if net negative (considering the EA as a single jurisdiction)	
r. Total net local positions in local currency in EA countries including derivatives (considering the EA as a single jurisdiction)	
s. Intra-office claims booked by foreign subsidiaries	
t. Intra-office claims booked by foreign branches	
u. Intra-office liabilities booked by foreign subsidiaries	
v. Intra-office liabilities booked by foreign branches	

Section 21 – Ancillary items	Amount
a. Foreign net revenue (considering the EA as a single jurisdiction)	
b. Number of jurisdictions (considering the EA as a single jurisdiction)	

Checks summary

Section 22 – Indicator values	Indicator value in million EUR
a. Section 2 – Total exposures indicator	
b. Section 3 – Intra-financial system assets indicator	
c. Section 4 – Intra-financial system liabilities indicator	
d. Section 5 – Securities outstanding indicator	
e. Section 6 – Payments activity indicator	
f. Section 7 – Assets under custody indicator	
g. Section 8 – Underwriting activity indicator	
h. Section 9 – OTC derivatives indicator	
i. Section 10 – Trading and AFS securities indicator	
j. Section 11 – Level 3 assets indicator	
k. Section 12 – Cross-jurisdictional claims indicator	
l. Section 13 – Cross-jurisdictional liabilities indicator	
m. Other sections	
(1) Item 1.a – General information provided by the supervisory authority	
(2) Item 1.b – General information provided by the reporting institution	
(3) Section 14 – Ancillary indicators	
(4) Section 15 – Ancillary items	
(5) Section 16 – Size items	
(6) Section 17 – Interconnectedness items	
(7) Section 18 – Substitutability/financial infrastructure items	
(8) Section 19 – Complexity items	
(9) Section 20 – Cross-jurisdictional activity items	
(10) Section 21 – Ancillary items	

Section 23 – Indicator values (revised methodology – July 2018)	Indicator value in million EUR
a. Section 16 – Total exposures indicator	
b. Section 17 – Intra-financial system assets indicator	
c. Section 17 – Intra-financial system liabilities indicator	
d. Section 17 – Securities outstanding indicator	
e. Section 6 – Payments activity indicator	
f. Section 7 – Assets under custody indicator	
g. Section 8 – Underwriting activity indicator	
h. Section 18 – Trading volume indicator – fixed income	
i. Section 18 – Trading volume indicator – equities and other securities	

j. Section 19 – OTC derivatives indicator

k. Section 10 – Trading and AFS securities indicator

l. Section 19 – Level 3 assets indicator

m. Section 20 – Cross-jurisdictional claims indicator

n. Section 20 – Cross-jurisdictional liabilities indicator

4. Accompanying documents

4.1 Cost–benefit analysis/impact assessment

This analysis provides the reader with an overview as regards problem identification, possible options to address the problem and their potential impacts. The quantitative analysis relies on information collected by the EBA for the identification and classification of G-SIIs. This makes it possible to evaluate the impact in terms of the score computed at bank level under the new methodology.

A. Problem identification

The current methodology for the identification of G-SIIs relies on the evaluation of five broad aspects of the banks: size, interconnectedness, substitutability, cross-jurisdictional activity and complexity.

The cross-jurisdictional indicator aims to cover the additional burden in the event of a bank's distress or failure arising from coordination difficulties between different countries, potentially with different legislative frameworks. The rationale is that the international impact of a bank's failure would be higher the greater the bank's global reach is, given the difficulties involved in coordinating its resolution.

Currently, all cross-border activities carried out by European banks in Member States of the EU or in the European Banking Union (EBU) – the latter being constituted by the Member States that have joined the SRM – contribute to the cross-jurisdictional indicator, as prescribed by the internationally agreed methodology for identifying G-SIBs. By comparison, activities that US banks carry out in states other than the home state are not included in the indicator.

The BCBS was asked to analyse the possibility of considering the EBU as a single jurisdiction in the G-SIB methodology. This could have been justified by the fact that the EBU benefits from a single regulatory framework in terms of capital requirements and banking resolution. This uniform regulation is established by a single supervisor and a single resolution authority. In its July 2018 revision, the BCBS decided, however, not to modify the G-SIB methodology in this regard.

During the three-year review period of the G-SIB framework, the BCBS verified that treating the EBU as a single jurisdiction would reduce cross-jurisdictional claims and liabilities for EBU banks. Consequently, the cross-jurisdictional activity indicator would most likely be lower for EBU banks and, as a result of the impact on denominators, higher for non-EBU banks.

B. Policy objectives

Article 131 of Directive (EU) 2019/878 requires that the EBA develop an additional methodology for the identification of G-SIIs that excludes the cross-border activities of European banks in EBU Member States. The rationale behind this request is to recognise the efforts made in recent years to create harmonised European banking regulation and a common approach to resolution. This initiative was also intended to contribute to ensuring a level playing field with banks in other jurisdictions where different states are not considered different jurisdictions. It would also remove possible barriers to the expansion of cross-border banking activities among EBU countries.

The introduction of an additional methodology has some advantages, although it also brings the disadvantage of representing a potential deviation from the BCBS standard.

C. Baseline scenario

The analysis is incremental: the assessments are formulated in differential terms with respect to a baseline scenario, namely maintaining the status quo. The costs and benefits are therefore strictly connected to the changes that the regulatory option entails.

Although the ‘no policy change’ scenario is not feasible given the clear mandate in the regulation, it is the natural basis for comparison of the impacts of the policy options.

D. Options considered

Three options were considered, although the no-change option is not available in practice due to the legislator’s explicit mandate:

0. no change;
1. adopt the proposed methodology, either with a cap that could be formulated in absolute or relative terms or without a cap;
2. adopt the proposed methodology taking into account the impact of different foreign exchange (FX) conversion methods.

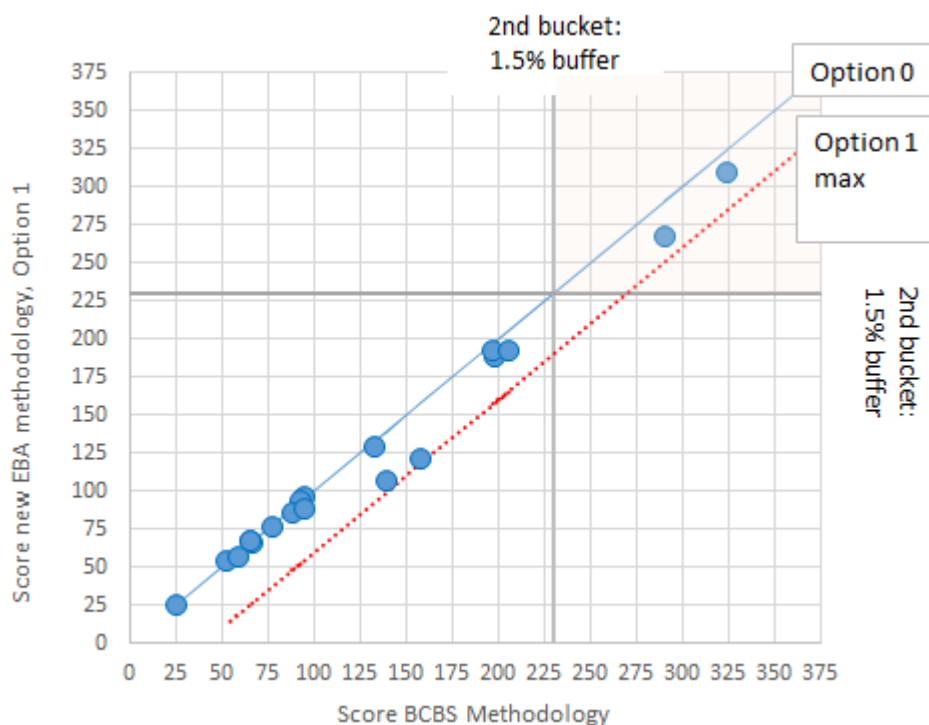
E. Cost–benefit analysis

The proposed methodology and the possible correction for the impact of FX conversion do not involve additional data collection, so no additional material/administrative costs for banks are expected and neither of the two options would result in making reporting more complicated.

The figure below compares the scores computed for the European banks following the basic BCBS methodology and the proposed methodology. The data refers to end-2018. As expected, in terms

of the computation of the G-SII score, the result is a reduction on the G-SIB score under the BCBS framework. For the 12 European banks identified as G-SIIs, the average variation in the score is about –8 basis points. For half of the banks contributing to the G-SII annual identification exercise, the score variation is practically nil, while the highest variation reduction is close to –40 basis points. The evidence therefore suggests that, notwithstanding any future mergers or acquisitions, no EBU G-SII is currently in a condition to benefit from the additional EU methodology for assigning G-SII buffer rates.

Since the new methodology envisages sterilising any variation in the score that would induce the buffer to fall below 1%, it makes sense to focus only on banks associated with a buffer higher than 1%. It is possible to see that only two banks are classified in this bucket and that the new methodology would not alter their classification. Even applying to these banks the highest variation observed, their classification would still not change based on the latest available exercise.



Sources: EBA (bank-specific information) and Bank for International Settlements (global denominators)

The impacts of the proposed methodology are mitigated by setting a maximum admissible variation in the score (a cap). Thus, only banks with a score already close to a bucket threshold would be affected.

The table below shows some theoretical examples of how the proposed methodology could impact the final allocation of identified G-SIIs, considering a cap of 10 basis points (bps).

Pure G-SIB score	Bucket allocation (Basel text)	Impact of EBU cross-border exposures	Maximum score reduction of 10 bps	Revised G-SIB score according to additional EU methodology	Potential bucket allocation (after EU methodology)
245 bps	2nd bucket: 1.5% CET1 G-SIB buffer	-17 bps	-10 bps	235 bps	2nd bucket: 1.5% CET1 G-SIB buffer
261 bps	2nd bucket: 1.5% CET1 G-SIB buffer	-36 bps	-10 bps	251 bps	2nd bucket: 1.5% CET1 G-SIB buffer
242 bps	2nd bucket: 1.5% CET1 G-SIB buffer	-31 bps	-10 bps	232 bps	2nd bucket: 1.5% CET1 G-SIB buffer
235 bps	2nd bucket: 1.5% CET1 G-SIB buffer	-4 bps	-4 bps	231 bps	2nd bucket: 1.5% CET1 G-SIB buffer
233 bps	2nd bucket: 1.5% CET1 G-SIB buffer	-6 bps	-6 bps	227 bps	1st bucket: 1% CET1 G-SIB buffer

An additional correction to the proposed methodology could take into consideration different exchange rate conversion methodologies. On the grounds of the data used for the identification and classification of G-SIBs used by the BCBS for the past three years (2016, 2017 and 2018), it can be observed that the average variation in the score arising this correction would be nil. The highest impact on the score observed during the three years is a reduction of 11 points. Focusing on EBU banks only, the average variation in the score would still be zero, but with lower dispersion; in practice, the impacts are contained between 0 and 3 points.

Shifts in bucket allocation, and thus in lower buffer requirements, would be possible to observe only for banks with a score already close to a bucket threshold.

Revised G-SIB score according to additional EU methodology	Potential bucket allocation after EU methodology	FX conversion methods impact (average change compared with baseline)	Revised G-SIB score according to additional EU methodology (with FX impact factor)	Potential bucket allocation after EU methodology (with FX impact factor)
235 bps	2nd bucket: 1.5% CET1 G-SIB buffer	+3 bps	238 bps	2nd bucket: 1.5% CET1 G-SIB buffer
251 bps	2nd bucket: 1.5% CET1 G-SIB buffer	+2 bps	253 bps	2nd bucket: 1.5% CET1 G-SIB buffer
232 bps	2nd bucket: 1.5% CET1 G-SIB buffer	+2 bps	234 bps	2nd bucket: 1.5% CET1 G-SIB buffer
231 bps	2nd bucket: 1.5% CET1 G-SIB buffer	-3 bps	228 bps	1st bucket: 1% CET1 G-SIB buffer
227 bps	1st bucket: 1% CET1 G-SIB buffer	-2 bps	225 bps	1st bucket: 1% CET1 G-SIB buffer

F. Preferred option

Option 1 envisages a mechanism aimed at limiting the deviation from the baseline methodology; however, banks receiving a buffer equal to 1% would not benefit from any effect due to the proposed methodology, itself emerging from the co-legislators' mandate given to EBA. Introducing a cap to the score variation seems to meet the need to balance the desire to recognise the EBU as a homogeneous jurisdiction and the need to not introduce excessive differences from the BCBS approach.

Based on the evidence gathered in recent years, modifying the methodology to take into consideration different exchange rate conversion methodologies could have a limited impact, such that the increase in complexity might not be justified.

In conclusion, option 1 appears to be the most suitable solution to address the problem of finding a compromise between recognising an advantage that European banks have as a result of the Banking Union and avoiding diverging significantly from the BCBS methodology. In order to better reflect the progress made in establishing the EBU and expected developments in the near future, the calibration of the cap could ultimately be set at the bucket level, thus avoiding problems arising from too rigid a calibration of the buffer rate. This calibration approach means that any decision on the basis of sound supervisory judgement will allow supervisors to allocate to the immediately lower subcategory any identified G-SII that has been automatically allocated to a subcategory higher than the first. For example, if a G-SII is automatically allocated to bucket 3, its supervisor could consider allocating it to bucket 2, on the basis of sound supervisory judgement and in the light of an additional EU score suggesting that allocation.

4.2 Feedback on the public consultation and the opinion of the Banking Stakeholder Group

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

The consultation period lasted for five months and ended on 5 August 2020. Five responses were received, all of which were 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.

In many cases, several industry bodies made similar comments or the same body repeated its comments in response to different questions. In such cases, the comments and the EBA's analysis are included in the section of this paper where the EBA considers them most appropriate.

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

The EBA's Banking Stakeholder Group was consulted and did not put forward any objections to the proposed draft RTS and EBA guidelines.

Summary of key issues and the EBA's response

Respondents replying to this consultation commented on three general points in addition to the questions included in the Consultation Paper. These points concern (i) the implementation date of the revised methodology (including both the BCBS-driven changes and the additional EU methodology); (ii) the potential need for a decision taken at EU or Member State level to be subject to discussion or approval by the BCBS; and (iii) the requirement for identified G-SIIs to disclose their entire group structure by providing the LEIs of all consolidated entities in the group.

Question 1 raised in the consultation sought opinions on how an additional EU score taking into account cross-border activities within the Banking Union should function. Options 1 and 2 provided as part of this question proposed an absolute and a relative cap to be applied to the additional EU score. A third option proposed a subcategory level cap, which would allow national authorities greater flexibility to use the additional EU score when exercising sound supervisory judgement. In question 2, the consultation sought comments on whether the different foreign exchange conversion methods that have an impact on G-SII scores should be mitigated or not, for the purposes of computing the additional EU score. In question 3, the EBA requested respondents' views on whether the proposed implementation of disclosure requirements in Article 441 of the Capital Requirements Regulation (CRR) fitted the purpose of the underlying regulation and the mandate given in Article 131 of the revised Capital Requirements Directive (CRD V).

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

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<p>Schedule for the implementation of the revised identification methodology</p>	<p>Most respondents mentioned the need to adjust the date of implementation, and queries regarding practical aspects of the revised identification methodology were raised based on the one-year delay announced by the BCBS on 3 April 2020 to alleviate the impact of COVID-19.</p> <p>It was also suggested that the changes concerning the recognition of cross-border activities within the EBU, in line with Article 131 of CRD V, should enter into force in January 2021, following the publication of the RTS.</p>	<p>The EBA Consultation Paper, published on 5 March 2020, envisaged the implementation of the revised methodology for identifying G-SIIs as of end-2020, underpinning the G-SII identification exercise to be conducted during 2021 and in alignment with the BCBS expectation at the time of the consultation launch. In the light of circumstances related to the COVID-19 outbreak, the EBA is of the view that the introduction of the revised methodology should occur with the 2022 exercise, based on end-2021 data, in full alignment with the BCBS framework.</p> <p>Concerning the changes introduced to the framework specific to the EU due to the consideration of intra-EBU cross-border activities, the EBA is of the opinion that the same schedule as that for the BCBS-driven changes could be followed. However, when considering the date of implementation of CRD V, it should enter into force as soon as the RTS are published in the Official Journal of the EU, in practice affecting the 2021 exercise based on end-2020 data.</p>	<p>Amendment to Article 5 of the RTS to reflect the date of implementation of CRD V.</p>
<p>Discussion by the BCBS of the assessment process in Europe</p>	<p>Two respondents suggested that the proposed changes to the assessment process in Europe should not be submitted to the BCBS for approval or discussion.</p>	<p>The EBA is of the opinion that Article 131 of CRD V remains very clear regarding the intention of the EU co-legislators to adhere to the international standards, by stating 'taking into account any internationally agreed standards'. These international standards refer to the BCBS G-SIB framework, which presently gives no consideration to intra-EBU cross border activities.</p> <p>It is important to mention that the G-SIB international standards envisage that cases where a supervisor seeks to exercise sound supervisory judgement will be scrutinised by the BCBS, regardless of the ultimate decision by the relevant authority presenting the case. This will be the case whether the proposed application of supervisory judgement seeks to upgrade or downgrade the bucket allocation and related G-SII buffer rate. Importantly, according to the text of the BCBS rules, proposals to downgrade buffer rates for identified G-SIBs will face a higher level of scrutiny than those aiming either to upgrade buffer rates or add banks to the G-SIB list. From the foregoing, it is clear that the decision on whether the BCBS will scrutinise such events is not within reach of the EBA or the EU co-legislators. This scrutiny and peer-reviewing mechanism form one of the main purposes of the Basel standards,</p>	<p>None.</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
		<p>which, to ensure financial stability and address too-big-to-fail concerns, is of paramount importance. The intention to downgrade an identified G-SIB is expected, within the spirit of the text of the BCBS rules, to be justified and explained to the BCBS to a much greater extent than a decision to upgrade an identified G-SIB (or to add a bank to the G-SIB list), since the latter reflects a prudent approach on the part of the supervisor.</p> <p>Despite this, the BCBS rules are of a non-binding nature and will naturally not supersede a decision that any EU Member State may take in the context of EU regulation.</p> <p>For the above reasons, the EBA is of the view that no amendments to the proposal are needed and reiterates its intention to preserve the EU’s full adherence to the international standards.</p>	
<p>Disclosure of the LEIs of all consolidated entities in the group as part of the disclosure requirements</p>	<p>One respondent suggested that the EBA require entities in the scope of these technical standards to disclose their group structure by providing the LEIs of all consolidated entities in the group as part of the disclosure requirements.</p>	<p>The EBA fully supports and strongly encourages the use of the LEI by all institutions, financial holding companies and mixed financial holding companies, but particularly by very large institutions such as those identified as G-SIIs.</p>	<p>Inclusion of paragraph 5 in Article 4 of the RTS in order to request G-SIIs to disclose their group structure by providing the LEIs of all consolidated entities in the group. This disclosure should be kept up to date.</p>
<p>Responses to questions in Consultation Paper EBA/CP/2020/03</p>			
<p>Question 1.</p>	<p>Respondents answering this question disagreed with the proposed options (a) and (b). The main argument presented related to the excessive limitations arising from options (a) and (b), which respondents saw as curtailing the extent</p>	<p>The view of the EBA is that there should be no material deviation in the EU from the international standards, even considering the fact that, to a large degree, the text of the BCBS rules should account for the significant progress achieved in the EBU integration process, namely regarding the two key pillars of supervision and resolution.</p> <p>While the EU co-legislators clearly expressed the desire to see the advances of the EBU integration process reflected in the capital buffer rate requirements that G-SIIs are</p>	<p>Amendment to paragraph 5b of Article 5 of the RTS in order to limit the downgrading in the subcategory to which</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>to which the additional EU G-SII score could be used.</p> <p>Respondents expressed a preference for option (c), as it was seen as the best compromise between the benefit that EBU banks are expected to gain from the recognition of intra-EBU cross-border activities and the EBA's strong desire to fully adhere to Basel international standards.</p>	<p>requested to meet, at the same time they acknowledged the importance of the international standards and the need for the EU to uphold and support a multilateral and cooperative approach at the global level. For this reason, the EBA was requested to draft an EU-specific methodology that would allow for the allocation of G-SIIs to eventually lower subcategories when considering intra-EBU cross-border activities. In fact, when doing so, the EU co-legislators confirmed, in Article 131 of CRD V, their desire to remain closely aligned to the international standards, by specifying that identified G-SIIs cannot be removed from the G-SIIs list by their relevant authority and cannot be assigned a capital buffer rate requirement lower than 1%.</p> <p>The EBA is of the view that both options (a) and (b) could have been further explored and further calibrated to better reflect the progress of the EBU integration process; however, in the light of the above, the EBA agrees with the suggestion that option (c) reaches the best compromise between the different views expressed.</p>	<p>a G-SII is allocated to one subcategory only.</p>
<p>Question 2.</p>	<p>Respondents noted that the use of the average FX rate for the year has been a previous industry position and that it remains the case at present. One particular advantage of this method is that the effects of FX fluctuations occurring towards year-end are mitigated, thus removing possible advantages or disadvantages of different currencies.</p>	<p>The EBA is of the view that the additional EU methodology should be agnostic not only to considerable FX fluctuations occurring at year-end but also to the chosen treatment of FX in the text of the BCBS rules.</p> <p>It is clear that the revised text of the BCBS rules, as of July 2018, does not alter the way in which FX rates are accounted for in the G-SIB framework, namely regarding the reporting currency and method used. However, the BCBS consultation of 2017 on the draft proposal for the revised framework has shown that this methodological aspect is relevant for the industry and, to some extent, for the credibility and robustness of the framework. The EBA's intention is therefore not to modify or supersede methodological options taken by the BCBS in this regard but instead to prevent, as far as possible, the additional EU methodology from taking into account potentially large year-end FX fluctuations that often do not have profound economic meaning. These large fluctuations, should they occur and influence the additional EU score, could determine the allocation of a G-SII to a different subcategory.</p> <p>When balancing the need to take into account the impact of different FX conversion methods (itself subject to modifications over time in the text of the BCBS rules) and the need to keep the framework as simple and transparent as possible, the EBA decided on</p>	<p>None.</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
		this occasion not to introduce any adjustment to correct undesired effects from different FX conversion methods.	
Question 3.	<p>Respondents agreed that there should be no duplication of efforts between Pillar 3 disclosure and G-SII disclosure. Further, it was noted that some institutions disclose their Pillar 3 information at the beginning of March, while the deadline for G-SII data disclosure is 30 April.</p> <p>Respondents argued that there was no benefit in disclosing the previous year's information with Pillar 3 disclosures. Respondents suggested that a link to the most up-to-date indicators would be sufficient.</p>	<p>According to Article 434 of the 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 these provisions, the signposting of Pillar 3 information is not permitted 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-SIIs in their Pillar 3 report for that reference date. G-SIIs may republish this template in their next Pillar 3 report if they need to restate figures to reflect final data submitted to the competent authority; this will be clarified in the final draft implementing technical standards on Pillar 3 disclosures.</p>	None.