

EBA Guidelines amending Guidelines EBA/GL/2020/14 on the specification and disclosure of systemic importance indicators

(EBA/GL/2022/12)

These EBA 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 (CRD) other than competent authorities are also encouraged to apply these Guidelines.

These Guidelines amend the Guidelines EBA/GL/2020/14 on the specification and disclosure of systemic importance indicators, with the aim of allowing the disclosure of the data items relevant for the calculation of adjusted cross-jurisdictional indicators of institutions headquartered in Member States participating in the Single Resolution Mechanism. These adjusted indicators have to be used for the additional identification methodology pursuant to Article 131(2a) of CRD, in conformity with the agreement of the Basel Committee on Banking Supervision of 31 May 2022. The Guidelines have been drawn up in accordance with the mandate conferred on the EBA in Article 131(18) of CRD.

These Guidelines have been developed by the EBA in accordance with article 16 of Regulation (EU) No 1093/2010. The EBA published the English version of these Guidelines on 29 September 2022 (the Spanish version was released on 14 November 2022). The Guidelines apply from 16 January 2023.

The Banco de España, as designated authority to use the macroprudential tools envisaged in CRD, adopted these Guidelines as its own on 21 December 2022 by resolution of its Executive Commission.

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



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on the specification and disclosure of systemic importance indicators

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1. Executive Summary

1. According to the EBA's Guidelines on the specification and disclosure of systemic importance indicators (EBA/GL/2020/14- 'the Guidelines') the EBA - with the assistance of relevant authorities - collects the information needed to identify global systemically important institutions (G-SIIs) in the EU. The EBA discloses the main indicators and the underlying data used in the identification and scoring process, but not ancillary data and memorandum items. Institutions qualifying as G-SIIs are also required to disclose the main indicators, but not ancillary data and memorandum items. Similarly, Article 6a of the Implementing Technical Standards ('the ITS') on the disclosure of systemic importance indicators by those institutions ultimately qualifying as G-SIIs (Commission Implementing Regulation (EU) 2021/637) requires G-SIIs to disclose the indicators, but not ancillary data and memorandum items collected.
2. Pursuant to paragraph 2a of Directive (EU) 2019/878 of 20 May 2019 and to article 5a of Delegated Regulation (EU) 2021/539 of 11 February 2021, an additional overall G-SII score that accounts for the specificities of the European Banking Union (EBU) and the Single Resolution Mechanism (SRM) within cross-border activity indicators should be computed. The additional identification methodology in the EU then supported the BCBS-level debate on how to best recognise the EU integration process and progress in the G-SIB framework.
3. Following the 2022 recognition of the EBU in the G-SIB framework and the end-2021 G-SII disclosure exercise, it is necessary to amend the existing EBA Guidelines. With this amendment, the EBA provides a harmonised understanding for the EU context of the term 'ancillary or memorandum items' referred to in both the ITS and the Guidelines. It is being clarified that the items relating to the recognition of the EBU (while formally part of the 'memorandum items' under the Basel framework) now constitute a core part of the classification of G-SIIs in the Union and therefore should be disclosed.
4. This additional disclosure will increase the transparency in the G-SIIs identification process, without creating an additional burden for reporting agents. It will also provide the necessary transparency in line with Basel recognition of cross-border exposures within the EBU. It will also help ensure a level playing field by providing the information needed for the calculation of GSII scores.
5. Given the limited extent of the changes which do not impact the overall approach established in the Guidelines and very limited additional burden on affected institutions, it is disproportionate to carry out a public consultation. The EBA's Banking Stakeholder Group (BSG) has been consulted instead and has not opposed this amendment.

2. Background and rationale

6. The EBA methodology to identify global systemically important institutions (G-SIIs) follows the approach of the Basel Committee on Banking Supervision (BCBS) for identifying global systemically important banks (G-SIBs, in BCBS terminology). Following the update of the methodology that the BCBS published in 2018, the EBA issued in 2020 the revised Regulatory technical standards ('the RTS') on the methodology for identifying G-SIIs (Delegated Regulation (EU) 1222/2014); in 2021 the Implementing Technical Standards ('the ITS') on the disclosure of systemic importance indicators by those institutions ultimately qualifying as G-SIIs (Commission Implementing Regulation (EU) 2021/637); and in 2020 Guidelines on the specification and disclosure of systemic importance indicators (EBA/GL/2020/14- 'the Guidelines'), which relates to the 'ex ante' disclosures by the wider circle of EBU-headquartered G-SIBs.
7. The EBA Guidelines increase the transparency in the G-SIIs identification process and ensure a continued level playing field with respect to disclosure requirements between global systemically important institutions (G-SIIs) and other large institutions with an overall leverage ratio exposure measure of more than EUR 200 billion at the end of each year. According to the Guidelines as amended in 2020, the EBA collects and discloses on its website information provided by the relevant authorities for the identification of G-SIIs, with the exception of ancillary data and memorandum items. Similarly, Article 6a of Commission Implementing Regulation (EU) 2021/637 as amended by Commission Implementing Regulation (EU) 2022/631 of 13 April 2022, requires G-SIIs to disclose the indicators, with the exception of any ancillary data and memorandum items collected.
8. With paragraph 2a of Directive 2013/36/EU issued in 2019, the need for an additional identification methodology of G-SIIs in the EU has emerged. Subsequently, this additional identification methodology applicable in the EU has been detailed in the Delegated Regulation 2021/539/EU where the additional overall G-SII score is requested to account for the specificities of the European Banking Union (EBU) and the Single Resolution Mechanism (SRM) within cross-border activity indicators. In turn, this additional identification methodology in the EU supported the open debate at the BCBS level on how to recognise the EU integration process and progress in the G-SIB framework.
9. The BCBS has now completed its targeted review of the treatment of cross-border exposures within the European Banking Union (EBU) on the methodology for G-SIBs. The Committee recognised¹ the progress that has been made in the development of the European

¹ See <https://www.bis.org/press/p220531.htm>



Banking Union. The BCBS agreed to recognise this progress through the existing methodology G-SIB framework, which allows for adjustments to be made according to supervisory judgement.

10. Under the agreement, a parallel set of G-SIB scores will need to be calculated for EBU-headquartered G-SIBs and used to adjust their subcategory allocations, where applicable and deemed appropriate. The parallel scores recognize 66% of the score reduction that would result from treating intra-EBU exposures as domestic exposures under the G-SIB scoring methodology.² In turn, the agreement foresees a detailed description by EU Authorities of the methodology and requirements for relevant EBU-headquartered banks to disclose the underlying data for adjusted cross-jurisdictional indicators which are needed to calculate the parallel set of scores. As a result, disclosure of all this data reinforces the credibility and commitment of the EU to fulfil the agreement and provides transparent information on any future supervisory judgement decision taken on the basis of the mentioned parallel scores.
11. Following the 2022 recognition of the EBU in the G-SIB framework and as result of the end-2021 G-SII disclosure exercise, obviously the items relating to the recognition of the EBU, while part of the 'memorandum items' under the Basel framework, cannot be considered as 'ancillary or memorandum' within the EBU context but they instead constitute a core part of the classification of G-SIIs in the Union and are therefore necessary to be disclosed. As a result, it is necessary for the EBA to provide a harmonised understanding in the EU of the term 'ancillary or memorandum items', referred to in both the ITS and the Guidelines, in light of the latest Basel international agreement which the EBA is obliged to take into account pursuant to Article 131(18) of Regulation (EU) No 575/2013. Therefore, it is necessary to add a provision in the Guidelines stating that these specific data items are not considered as ancillary or memorandum for the purpose of identification and subcategory allocation of G-SIIs in the Union.
12. These additional data items to be disclosed are already being collected by institutions, and in addition submitted thereafter to the EBA, as part of the memorandum items of the G-SII disclosure exercise, hence do not create any additional burden on institutions or authorities (for 2022, on the basis of the end-2021 G-SII disclosure exercise). As a result, their disclosure will further increase the transparency in the G-SIIs identification process, without creating additional burden for the reporting agents.
13. Given the limited extent of the changes and the limited impact on the affected institutions, it was deemed disproportionate to carry out a public consultation. The EBA's Banking Stakeholder Group (BSG) has been consulted instead and has not opposed this amendment.

² The Committee's agreement will not affect the classification of any banks as G-SIBs or the scores or subcategory allocations of banks outside of the EBU (<https://www.bis.org/press/p220531.htm>).

3. Guidelines

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1. Compliance and reporting obligations

Status of these guidelines

1. This document contains guidelines issued pursuant to Article 16 of Regulation (EU) No 1093/2010³. 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 the EBA 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. According to Article 16(3) of Regulation (EU) No 1093/2010, competent authorities must notify the EBA as to whether they comply or intend to comply with these guidelines, or otherwise with reasons for non-compliance, by [dd.mm.yyyy]. 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/2022/12'. 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 EBA.
4. Notifications will be published on the EBA website, in line with Article 16(3).

2. Addressees

5. 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

³ 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).

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

6. These guidelines apply from **dd.mm.yyyy**

4. Amending guidelines

7. EBA/GL/2020/14 is amended as follows:

- (a) The following paragraph 10a is added to Section 4:

“Pursuant to Article 131(2a) of Directive 2013/36/EU requiring an additional identification methodology that excludes cross-border activities within the Single Resolution Mechanism, and in accordance with the international agreement by the Basel Committee of 31 May 2022 to acknowledge the progress made in the development of the European Banking Union, data items relevant for the calculation of adjusted cross-jurisdictional indicators concerning institutions headquartered in Member States adhering to the Single Resolution Mechanism should be considered as part of the cross-jurisdictional activity indicators and not as ancillary or memorandum items for the G-SII identification and subcategory allocation methodology.”