



Feedback statement

Responses to the public consultation on the draft Guide on Financial Conglomerate Reporting of Significant Risk Concentrations and Intragroup Transactions

1 Introduction

1.1 Context

On 21 August 2023 the European Central Bank (ECB) launched a public consultation on the draft Guide on Financial Conglomerate Reporting of Significant Risk Concentrations and Intragroup Transactions. The public consultation ended on 6 October 2023.

The ECB has given due consideration to all the comments received during the consultation period.

1.2 Structure of the feedback statement

This feedback statement presents an overall assessment of the comments received during the public consultation and aims to address the common issues raised. Comments relating to common issues or topics have been grouped and addressed together. Following this grouping exercise, the resulting feedback statement includes 14 comments on the draft Guide.

1.3 General comments

As a result of the comments and the ECB's assessment of them, amendments have, where appropriate, been made to the Guide. In particular, the ECB has decided to introduce more proportionality to the threshold for identifying significant intragroup transactions and to base the threshold in a form of derivatives on the carrying amount instead of the nominal values.

As for feedback on the instruction of the reporting, the ECB is of the view that, given the focus of these comments is the reporting and not the Guide itself, it is not the right body to provide a response. The ECB has therefore decided to discard most of these comments. However, in line with the objectives of this Guide, the ECB has opted to address, without prejudice to the interpretation of the Joint Committee of Financial Conglomerates (JCFC), two reporting instruction-related comments to help

financial conglomerates in setting up the necessary internal processes for reporting significant risk concentrations and intragroup transactions using the templates provided in the implementing technical standards (ITS) for the supervisory reporting of risk concentrations and intragroup transactions (henceforth “RC-IGT reporting ITS”). Respondents were encouraged to address these comments directly to the JCFC.

Lastly, after discussions with other stakeholders involved in financial conglomerate supervision, the ECB has decided that, subject to any future regulatory developments, transactions should also be reported if they occur between regulated entities belonging to the same financial sector but subject, on an individual basis, to different sectoral rules as defined in Article 2(7) of the Financial Conglomerates Directive (FICOD). These transactions are generally considered relevant with regard to the objectives of the FICOD.

1.4 Statistics

A total of 53 specific comments were received, comprising nine comments on significant risk concentrations, 28 comments on significant intragroup transactions and 16 other comments that include those discarded by the ECB.

Contributions were submitted by six respondents, including two credit institutions and two associations.

2 Assessment of comment tables

Comments	Summary of the comments	Assessment of the comments	
1	Some respondents indicated that the Guide does not provide any information on the frequency of the reporting.	The ECB considers that, according to the FICOD, the decision to set the frequency of the reporting of significant risk concentrations and intragroup transactions belongs to Member States. If a national legislation specifies a frequency of reporting, this frequency will apply to the financial conglomerates in that country. In the cases where national legislations mention that the coordinator will specify the conditions for submitting a report, the ECB, acting as coordinator, will liaise with the financial conglomerates and the relevant competent authorities on a case-by-case basis.	No change
2	Some respondents indicated that the Guide does not provide any information on the expected format for submission (e.g. XBRL) or the platform for delivering reports.	The ECB considers that both the expected format for submission and the platform for delivering reports are not in the scope of the Guide, which mainly focuses on helping financial conglomerates set up the necessary internal processes for reporting significant risk concentrations and intragroup transactions using the templates provided in the RC-IGT reporting ITS. However, the ECB also acknowledges the relevance of the comments and will therefore communicate the expected format and submission procedure to the financial conglomerate.	No change

Comments	Summary of the comments	Assessment of the comments	
3	Some respondents requested clarification on whether columns FC0020, FC0040 and FC0090 of the FC 00 template need to be reported.	<p>The ECB confirms that as long as (i) only intragroup transactions between regulated entities belonging to different financial sectors and a regulated entity of the group, and (ii) any natural or legal persons that are not regulated entities "linked to the undertakings within that group by close links" are reported, columns FC0020 and FC0040 of the FC 00 template should be left empty.</p> <p>However, when intragroup transactions between regulated entities belonging to the same financial sector but subject, on an individual basis, to different sectoral rules as defined in Article 2(7) of the FICOD are required to be reported, columns FC0020 and FC0040 may need to be filled out, depending on whether the relevant transactions are above the thresholds.</p>	No change
4	<p>Some respondents indicated that the ECB's request to report all intragroup transactions if the cumulative number of equity-type transactions, debt and asset transfers, derivatives, off-balance sheet items and contingent liabilities is above the indicated threshold, goes beyond the FICOD principles and gives rise to new regulatory requirements.</p> <p>In addition, some respondents stated that such a request would mitigate the Guide's requirement to report on aggregated manner transactions that are executed as part of a single economic operation if, when combined, they meet one of the above-mentioned thresholds.</p>	The ECB agrees with the comments.	Deletion
5	On the process of determining whether a transaction is significant, some respondents indicated that the wording of the Guide could be seen to suggest that the ECB requires equity-type, debt and asset transfer transactions to be aggregated.	The ECB confirms that only transactions executed as part of a single economic operation are to be aggregated.	<p>Amendment introduced to the Guide to clarify that equity-type, debt, and asset transfer transactions shall be considered significant only if individual transactions are above the set threshold.</p> <p>In the case of transactions being part of a single economic operation, they shall be summed though.</p>
6	Some respondents questioned the relevance of the new threshold for identifying significant intragroup transactions of €300 million. In particular, some respondents indicated that such a threshold would not be proportionate for large financial conglomerates.	<p>The ECB confirms its intention to apply proportionality with regard to the thresholds for reporting significant intragroup transactions. The calibration of the thresholds should therefore be set against the size of the financial conglomerates to ensure that significant intragroup transactions are reported.</p> <p>However, the ECB also acknowledges that the proposed threshold may not appear to be sufficiently proportionate for large financial conglomerates.</p>	Amendment introduced to the Guide to improve threshold proportionality. Under the new version of the Guide, a higher threshold is expected when capital requirements of the group are above €40 billion.
7	Some respondents asked the ECB whether the data for calculating the intragroup transactions related to profit and loss should be based on the financial conglomerates' income on the same reference date. In particular, the respondents asked which values should be used for end-June reporting.	Without prejudice to any future regulatory developments, the ECB understands that the cumulative number of transactions of the same nature over the entire year should be reported. For end-June data, this means that the cumulative amount of the first six months of the year should be reported.	No change
8	Some respondents indicated that it is more relevant to calculate the threshold for the derivatives on the carrying amount and not the nominal values.	The ECB agrees with the comment.	Amendment introduced to the Guide to replace "nominal" with "carrying amount"

Comments	Summary of the comments	Assessment of the comments	
9	Some respondents questioned the ECB on the value that should be reported for an exposure when the value of that exposure changes during the reference period.	Without prejudice to any future regulatory developments, the ECB understands that the amount reported as an intragroup transaction should be the maximum amount of the exposure during the reporting period.	No change
10	Some respondents stated that the concept of a group of connected clients for financial conglomerate reporting is mentioned for the first time in the Guide, as is the point that entities of the insurance sector report exposures for single name debtors.	To the best of the ECB's knowledge, the reference to a group of connected clients in the context of the risk concentration of financial conglomerates is not made for the first time in the Guide. Article 3(5)(b) of Regulatory Technical Standards 2015/2303 states that significant risk concentrations shall be reported with a breakdown of "the significant risk concentration by counterparties and groups of interconnected counterparties". In addition, Section 7.1 of Commission Implementing Regulation (EU) 2022/2454 refers explicitly to the definition of "group of connected clients" provided under Article 4(1) point (39) of the CRR. Lastly, the ECB notes that the concept of interconnected counterparties in the identification of significant risk concentrations is also mentioned in Article 376(2)(b) of Commission Delegated Regulation 2015/35. The ECB therefore considers that it has not introduced a new requirement in the Guide by referring to the concept of connected clients for counterparties' concentration purposes.	No change
11	Some respondents pointed out that the Guide does not address the obligation to report risk concentration from exposures by asset class and rating (FC08).	Taking into account the proportionality principle, the ECB considers that concentrations on asset class and rating should not be reported on a systematic basis by financial conglomerates. However, the coordinator, after consulting the relevant competent authorities, could request financial conglomerates to submit an FC.08 (Risk Concentration – Exposure by asset class and rating) in the cases where this is justified by the risk profile of the group. If the submission of the concentrations on asset class and rating is deemed relevant, the coordinator, after consulting the relevant competent authorities and the conglomerate itself, will define the appropriate thresholds for reporting the significant concentrations on a case-by-case basis.	No change
12	Some respondents asked for clarification on whether the thresholds of €300 million and 10% of financial conglomerate own funds apply to templates FC.07 and FC.08.	The ECB confirms that the threshold defined in the Guide for counterparty risk concentration refers only to template FC.06. As regards template FC.07, the Guide mentions that when it comes to country and currency concentrations, without prejudice to the thresholds defined by the coordinator after consultation with the relevant competent authorities and the financial conglomerate itself, the financial conglomerate has to report any exposures above 5% of its own funds calculated in accordance with the method used by the group for calculating its capital adequacy. Where an exposure related to a particular country or currency is below the above-mentioned threshold, the exposure should be included and reported under the category entitled "Other". The requirement to submit template FC.08 (Risk Concentration – Exposure by asset class and rating) is to be decided by the coordinator, after they have consulted the relevant competent authorities, and the relevant thresholds will be defined only if needed.	No change
13	Some respondents pointed out that the Guide includes a scenario where the risk is "mainly borne" by policy holders, but it does not provide any details on how to handle other scenarios, in particular those where the risk is "fully borne" or "partially borne" by the policy holders. The respondents called for clarification on whether a multiplying factor other than 0.1 can be applied.	The ECB highlights that Commission Implementing Regulation (EU) 2022/2454 refers explicitly to the assets with risks that are mainly borne by the policyholders (FC0130). As for the other scenarios mentioned by the respondents ("fully borne" risk and "partially borne" risk with protection above 10% of the capital invested), the ECB considers that it does not need to define any specific guidance for the other cases since they should be treated as "normal" exposures.	No change

Comments	Summary of the comments	Assessment of the comments	
14	Some respondents indicated that the monitoring requirement for significant risk concentrations of exposures that exceed 25% of a financial conglomerate's own funds is not stipulated in the RC-IGT reporting ITS.	The ECB acknowledges that Commission Implementing Regulation (EU) 2022/2454 does not include a monitoring requirement for significant risk concentrations. Nevertheless, the possibility for the coordinator to set such a qualitative requirement is explicitly mentioned in Article 7(3) of the FICOD. Therefore, while not mentioned in the RC-IGT reporting ITS, the ECB considers that including its expectations with regard to qualitative requirements on concentration would support the purpose of the Guide, i.e. to provide consistency, coherence, effectiveness and transparency regarding the approach that the ECB will take where it has been appointed as the coordinator for a financial conglomerate.	No change

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For specific terminology please refer to the [SSM glossary](#) (available in English only).