Commission Implementing Regulation (EU) 2017/2114 of 9 November 2017 amending Implementing Regulation (EU) No 680/2014 as regards templates and instructions (Text with EEA relevance)

COMMISSION IMPLEMENTING REGULATION (EU) 2017/2114

of 9 November 2017

amending Implementing Regulation (EU) No 680/2014 as regards templates and instructions

(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 credit institutions and investment firms and amending Regulation (EU) No 648/2012[(1)], in particular the fourth subparagraph of Article 99(5), the third subparagraph of Article 101(4), the fourth subparagraph of Article 415(3), and the third subparagraph of Article 430(2) thereof,

Whereas:

(1) Commission Implementing Regulation (EU) No 680/2014[(2)] specifies the modalities according to which institutions are required to report information relevant to their compliance with Regulation (EU) No 575/2013. Given that the regulatory framework established by Regulation (EU) No 575/2013 is gradually being supplemented and amended in its non-essential elements by the adoption of further secondary legislation and, in this case, by Commission Delegated Regulation (EU) 2015/61[(3)], Implementing Regulation (EU) No 680/2014 should also be updated to reflect those rules and to provide further precision in the instructions and definitions used for the purposes of the institutions' supervisory reporting, including with regard to a maturity ladder, which would allow the maturity mismatch of an institution's balance sheet to be reflected in the reporting.

(2) Amendments to Implementing Regulation (EU) No 680/2014 are required in order to correct erroneous references and formatting inconsistencies which were discovered in the course of the application of that Regulation.

(3) Amendments to Implementing Regulation (EU) No 680/2014 are also required to reflect competent authorities' ability to effectively monitor and assess the institutions' risk profile and to obtain a view on the risks posed to the financial sector, which requires changes to the reporting requirements in the areas of operational risk, credit risk and with regard to institutions' exposures towards sovereigns.

Changes to legislation: *There are currently no known outstanding effects for the Commission Implementing Regulation (EU) 2017/2114. (See end of Document for details)*

(4) In order to provide institutions and competent authorities with sufficient time to implement the amendments set out in this Regulation, it should apply from 1 March 2018.

(5) This Regulation is based on the draft implementing technical standards submitted by the European Banking Authority to the Commission.

(6) The European Banking Authority has conducted open public consultations on the draft implementing technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the opinion of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council[(4)].

(7) Implementing Regulation (EU) No 680/2014 should therefore be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

Implementing Regulation (EU) No 680/2014 is amended as follows:

(1) point (2) of Article 5(b) is replaced by the following:

(2) the information on material losses stemming from operational risk events as follows:

(a) institutions which calculate own funds requirements relating to operational risk in accordance with Chapter 4 of Title III of Part Three of Regulation (EU) No 575/2013 shall report this information as specified in templates 17.01 and 17.02 of Annex I, in accordance with the instructions in point 4.2 of Part II of Annex II;

(b) institutions which calculate the own funds requirements relating to operational risk in accordance with Chapter 3 of Title III of Part Three of Regulation (EU) No 575/2013 and that meet at least one of the following criteria shall report this information as specified in templates 17.01 and 17.02 of Annex I in accordance with the instructions in point 4.2 of Part II of Annex II:

(i) the ratio of the individual balance sheet total to the sum of individual balance sheet totals of all institutions within the same Member State is equal to or above 1 %, where balance sheet total figures are based on year-end figures for the year before the year preceding the reporting reference date;

(ii) the total value of the institution's assets exceeds EUR 30 billion;

(iii) the total value of the institution's assets exceeds both EUR 5 billion and 20 % of the GDP of the Member State where it is established;

(iv) the institution is one of the three largest institutions established in a particular Member State measured by the total value of its assets;

(v) the institution is the parent of subsidiaries, which are themselves credit institutions established in at least two Member States other

than the Member State where the parent institution is authorised and where both of the following conditions are met:

— the value of the institution's consolidated total assets exceeds EUR 5 billion,

— more than 20 % of either the institution's consolidated total assets as defined in template 1.1 of Annex III or IV, as applicable, or the institution's consolidated total liabilities as defined in template 1.2 of Annex III or IV, as applicable, relates to activities with counterparties located in a Member State other than that where the parent institution is authorised;

(c) institutions which calculate the own funds requirements relating to operational risk in accordance with Chapter 3 of Title III of Part Three of Regulation (EU) No 575/2013 and for which none of the conditions in point (b) is met, shall report the information referred to in points (i) and (ii) below in accordance with the instructions in point 4.2 of Part II of Annex II:

(i) the information as specified for column 080 of template 17.01 of Annex I for the following rows:

— number of events (new events) (row 910),

— gross loss amount (new events) (row 920),

— number of events subject to loss adjustments (row 930),

— loss adjustments relating to previous reporting periods (row 940),

— maximum single loss (row 950),

— sum of the five largest losses (row 960),

— total direct loss recovery (except insurance and other risk transfer mechanisms) (row 970),

— total recoveries from insurance and other risk transfer mechanisms (row 980);

(ii) the information as specified in template 17.02 of Annex I;

(d) the institutions referred to in point (c) may report the complete set of information specified in templates 17.01 and 17.02 of Annex I, in accordance with the instructions in point 4.2 of Part II of Annex II;

(e) institutions which calculate the own funds requirements relating to operational risk in accordance with Chapter 2 of Title III of Part Three of Regulation (EU) No 575/2013 and that meet at least one of the conditions (ii) to (v) of point (b) shall report this information as specified in templates 17.01 and 17.02 of Annex I in accordance with the instructions in point 4.2 of Part II of Annex II;

(f) institutions which calculate the own funds requirements relating to operational risk in accordance with Chapter 2 of Title III of Part Three of Regulation (EU) No 575/2013 and for which none of the conditions set out in points (ii) to (v) of point (b) are met, may report the information referred to in templates 17.01 and 17.02 of Annex I in accordance with the instructions in point 4.2 of Part II of Annex II;

(g) the entry and exit criteria of Article 4 shall apply.;

Changes to legislation: *There are currently no known outstanding effects for the Commission Implementing Regulation (EU) 2017/2114. (See end of Document for details)*

(2) in Article 5(b), the following point (3) is added:

(3) the information on sovereign exposures as follows:

(a) institutions shall report the information specified in template 33 of Annex I in accordance with the instructions in point 6 of Part II of Annex II where the aggregate carrying amount of financial assets from the counterparty sector "General governments" is equal or higher than 1 % of the sum of total carrying amount for "Debt securities and Loans and advances". For the purposes of determining those carrying amounts, institutions shall apply the definitions used in templates 4.1 to 4.4.1 of Annex III or templates 4.1 to 4.4.1 and 4.6 to 4.10 of Annex IV, as applicable;

(b) institutions that meet the criterion referred to in point (a) and where the value reported for domestic exposures of non-derivative financial assets as defined in row 010, column 010 of template 33 of Annex I is less than 90 % of the value reported for domestic and non-domestic exposures for the same data point, shall report the information specified in template 33 of Annex I in accordance with the instructions in point 6 of Part II of Annex II aggregated at a total level and for each individual country they are exposed to;

(c) institutions that meet the criterion referred to in point (a) but do not meet the criterion referred in point (b) shall report the information specified in template 33 of Annex I in accordance with the instructions in point 6 of Part II of Annex II with exposures aggregated at both a total level and at domestic level;

(d) the entry and exit criteria of Article 4 shall apply.;

(3) in Article 16b(1), the following point (c) is added:

(c) the information specified in Annex XXII in accordance with the instructions in Annex XXIII.;

(4) in Article 16b(2), point (a) is replaced by the following:

(a) the institution does not form part of a group comprising credit institutions, investment firms or financial institutions with subsidiaries or parent institutions located in jurisdictions other than the institution's jurisdiction of incorporation;;

(5) Annex I is replaced by the text set out in Annex I to this Regulation;

(6) Annex II is replaced by the text set out in Annex II to this Regulation;

(7) Annex VII is replaced by the text set out in Annex III to this Regulation;

(8) Annex XI is replaced by the text set out in Annex IV to this Regulation;

(9) Annex XIV is replaced by the text set out in Annex V to this Regulation;

(10) Annex XV is replaced by the text set out in Annex VI to this Regulation;

(11) Annex XVIII is replaced by the text set out in Annex VII to this Regulation;

(12) Annex XIX is replaced by the text set out in Annex VIII to this Regulation;

(13) Annex XX is replaced by the text set out in Annex IX to this Regulation;

(14) Annex XXI is replaced by the text set out in Annex X to this Regulation;

***Changes to legislation:** There are currently no known outstanding effects for the Commission Implementing Regulation (EU) 2017/2114. (See end of Document for details)*

(15) a new Annex XXII is added, the text of which is set out in Annex XI to this Regulation;

(16) a new Annex XXIII is added, the text of which is set out in Annex XII to this Regulation.

Article 2

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

It shall apply from 1 March 2018.

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

Done at Brussels, 9 November 2017.

For the Commission

The President

Jean-Claude JUNCKER