Brussels, 6th June 2024

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EACB comments on BCBS
Global systemically important banks – revised assessment framework
(d571)

General comments

The EACB welcomes the opportunity to comment on the Basel Committee's Revised assessment framework for G-SIBs.

We agree with the stated aim to address window-dressing activity and ensure that banks are allocated the appropriate "significance" bucket. We also appreciate the extensive accompanying documentation published by the Committee.

However, we believe that some of the proposed revisions would reveal disproportionate and overly costly for banks that participate in the assessment exercise, particularly those that would clearly not qualify as a G-SIB.

Scope of banks to which the revisions would apply

The key objective of the revision is to target the incentive that some G-SIBs would have to window-dress with a view to affect their score.

Non-G-SIB banks with a score far lower than the 130 entry level would not have an incentive to undertake similar behaviours, nor are they negatively affected by potential window dressing of G-SIB banks, even if their scores may slightly rise because of the relative methodology

The established G-SIB scoring model will not react in a sensitive manner to potential differences between data collection methodologies for G-SIB banks vis à vis non-G-SIB banks to an extent that justifies the additional reporting burden on non-G-SIB banks.

We thus strongly advise to limit the burden of the higher than quarterly frequency average reporting to G-SIB banks, or to G-SIBs and banks with a score slightly below the 130 threshold, and that may thus enter the lower G-SIB bucket.

Banks that have to participate in the G-SIB data collection due to their size (total assets > 200 billion) but have a G-SIB score decidedly below 130 should not be the obliged to perform the much more complex data exercise.

Concerning high-frequency averaging

The G-SIB data collection scope of consolidation differs from the prudential scope of consolidation because it also includes insurance subsidiaries.

Therefore some data collection processes are run exclusively for the G-SIB data collection; this is why the additional reporting burden for banks with insurance subsidiaries is even larger and should be mitigated.

Therefore, we strongly recommend to limit the burden of high-frequency averaging as much as possible.

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