



EUROPEAN CENTRAL BANK

EUROSYSTEM

**Pascal Nicoloso**  
European Central Bank  
DG-Market Operations

# **Money Market Statistical Regulation: Fine-tuning the reporting of transactions with non- financial corporations**

MMCG

Frankfurt am Main | 18 March 2015

# Overview

- 1 Open issues
- 2 Definitions
- 3 Proposal
- 4 Quick survey: questions

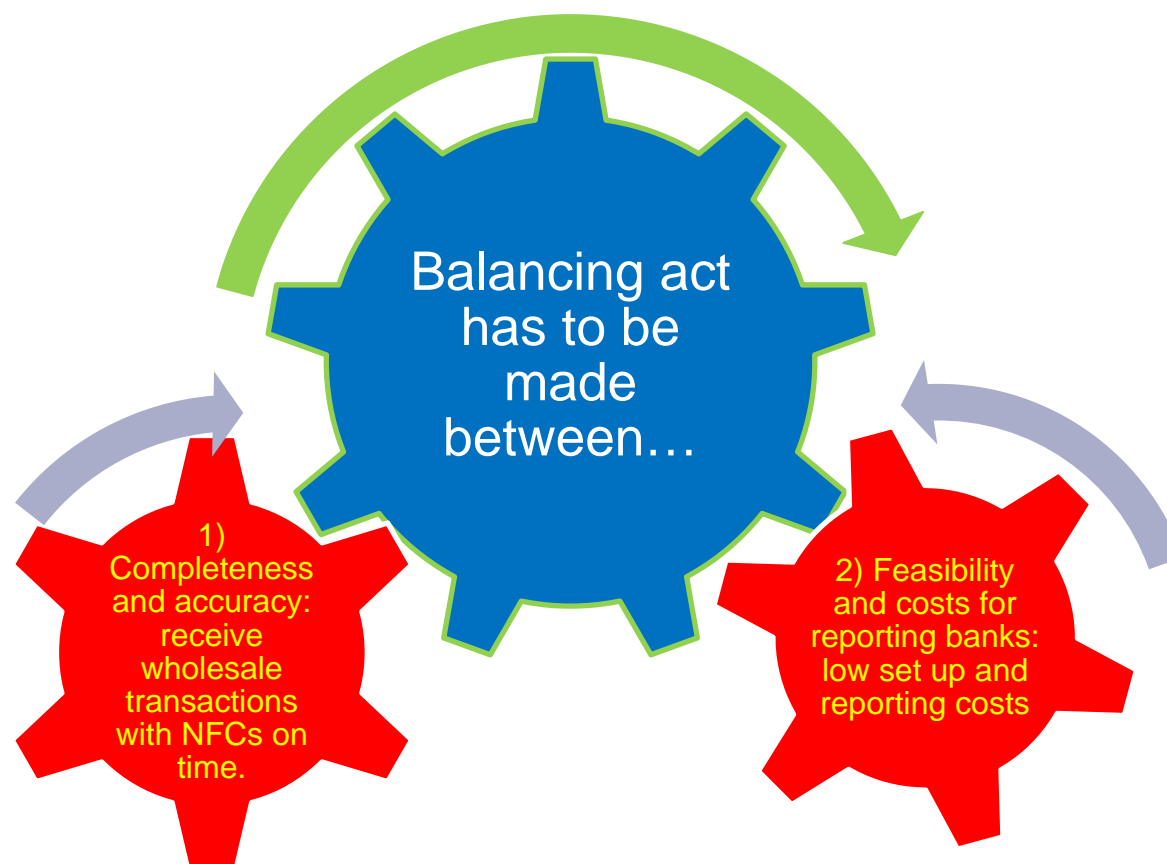
# Open issues

- Given their relevance, the statistical data collection encompasses wholesale deposits taken from non-financial corporations
- Problems with identification of deals generally classified as “wholesale” NFCs using the Basel III definition:
  - Problems with identification of deals with “wholesale” NFCs within different internal systems
  - In particular banks that take in such deposits on decentralised basis might find it difficult to report such transactions in a timely manner

# Definitions

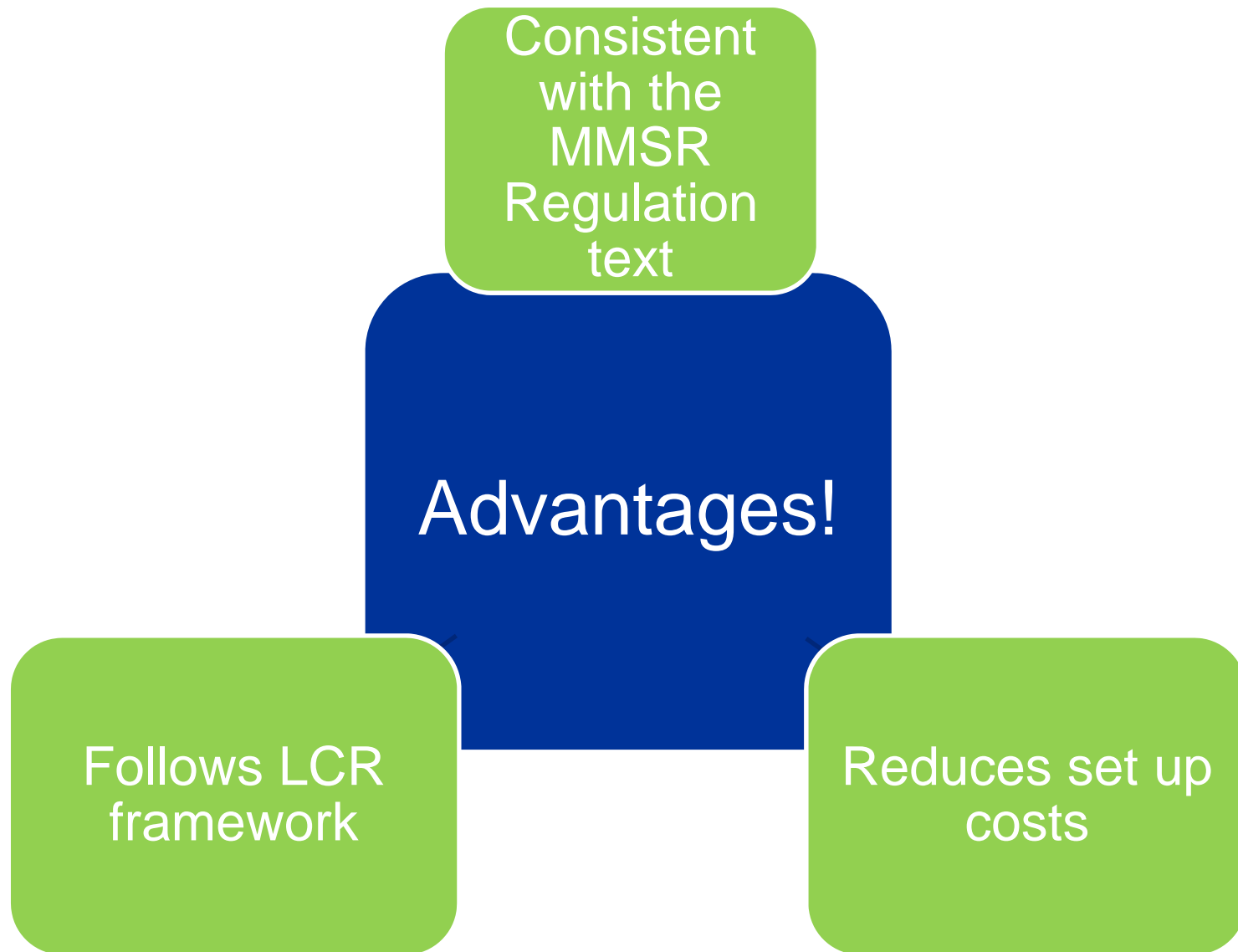
- Regulation concerning statistics on the money markets (ECB/2014/48)
  - Transactions by the reporting agent [...] with **non-financial corporations classified as ‘wholesale’ according to the Basel III LCR** framework
- Basel III: Liquidity Coverage Ratio and liquidity risk monitoring tools
  - For the purposes of the LCR, "unsecured **wholesale** funding" is defined as those **liabilities and general obligations that are raised from non-natural persons** (i.e. legal entities, including sole proprietorships and partnerships)
  - It defines several categories:
    - a) wholesale as the opposite of retail
    - b) small business customers:  
LCR also refers to paragraph 231 of Basel II defines them as managed like retail exposures, provided that aggregated exposures on one client are < €1 million on a consolidated basis, where applicable

# Open issues



## Proposal

- 1) Keep the current approach unchanged, or....
- 2) Adopt the LCR/Basel II definition of small businesses in the regulation and set up a threshold to eliminate them based on the following definition
  - Basel II paragraph 231 defines  
“ [...] *small businesses and managed as retail exposures are eligible for retail treatment provided the total exposure of the banking group to a small business borrower (on a consolidated basis where applicable) is less than €1 million. Small business loans extended through or guaranteed by an individual are subject to the same exposure threshold*”
  - Amend the Reporting Instructions to reflect this exclusion that clarifies the text of the Regulation by staying in the same LCR framework.



## Quick survey: questions

- Members are therefore asked to provide their feedback on the proposal:
  - Does the focus on transactions with counterparties on a cumulative threshold above EUR 1 million of loans lead to lower IT set up costs compared to the initial version of the Reporting Instructions?
  - Can you quantify, in broad terms, the impact of the exclusion of these trades (ie unsecured funding with NFCs for which the aggregated exposures are < EUR 1 million, in line with LCR requirements) for your institution on the burden of the data collection?
  - Would you have any other suggestions - that are compatible with the Regulation?