

Response of GLEIF to European Banking Authority (EBA) Consultation Paper on draft Guidelines on the supervision of significant branches

February 2017

GLEIF would like to thank the EBA for including the Legal Entity Identifier (LEI) in many of its regulatory reporting regimes and frameworks. GLEIF proposes that the LEI also would be useful in fulfilling the requirements and addressing the needs of this current topic of consultation, particularly in the exchange of information for the effective and efficient supervision of significant and significant-plus branches.

GLEIF would like to provide the following response to question 5 of for the consultation in section 5.4, *Information needed for the supervision of significant-plus branches*:

What are the respondents' views on the proposed approach to the collection and exchange of information needed for the supervision of significant-plus branches?

The consultation paper outlines minimum requirements for sharing information among the affected supervisors and authorities including audit reports, liquidity reports, branch risk assessments, reports of findings from on-the spot checks and inspections of branches, information on branch specific supervisory and other measures taken or planned by supervisors or authorities, any precautionary measures, information on upcoming major changes affecting the branch or regarding operational events, cyber or information security attacks and threats as well as disruptions or faults, information regarding strategies or business plans relating to the future operations and information relevant for the assessment of the group recovery plan or institution's plan.

Host competent authorities also are required to regularly inform home competent authorities and the consolidating supervisor about any macro prudential measures, or any other measures applied to institutions in the host Member State for the purposes of safeguarding financial stability. Joint annual meetings also would be planned and sharing of the conclusions of the meeting and any follow up issues would be required.

The implementation of this framework and guidelines will require more structured and closer cooperation cross border primarily between consolidating supervisors or home competent authorities and host competent authorities. Cooperation and the sharing of comprehensive information will be ongoing and will have implications from the initial assessment as well as for ongoing supervision.

With the important objective of enhancing transparency in the financial industry, there should – ultimately – be an LEI for every legal entity. Use of the LEI and its reference data will improve risk management and compliance and will result in higher data quality and accuracy of financial data.

The LEI could be used as the entity identifier of the significant and significant-plus branches, as well to identify entities in their groups or institutions in the documents, reports, assessments and plans.

The LEI can be leveraged all aspects of minimum requirements for sharing information among the supervisors and authorities.

GLEIF continues to work to integrate the LEI into both regulatory reporting and industry processes. As an example, GLEIF recently has worked with XBRL International to leverage the LEI in financial reporting, linking the LEI to preparation of financial statements and audit reports. For this, GLEIF cooperated with the XBRL International Best Practices Board, to form a working group to examine and make concrete recommendations about the best ways to create consistency in referencing legal identity within documents using XBRL. The group has developed a consistent approach for the use of LEIs within XBRL taxonomies and instance documents.

The EBA in the collection for information for the effective and efficient supervision of significant and significant-plus branches could extend the use of the LEI to be included in the liquidity reports, branch risk assessments, reports of findings from on-the spot checks and inspections of branches, information on branch specific supervisory and other measures taken or planned by supervisors or authorities, any precautionary measures, information on upcoming major changes affecting the branch or regarding operational events, cyber or information security attacks and threats as well as disruptions or faults, information regarding strategies or business plans relating to the future operations and within recovery plans.

Would the EBA find it useful and effective to include the LEI in the collection of data for effective and efficient supervision of significant and significantplus branches')?

- in documents (information on branch specific supervisory and other measures taken or planned by supervisors or authorities, any precautionary measures, information on upcoming major changes affecting the branch or regarding operational events, cyber or information security attacks and threats as well as disruptions or faults);
- in reports (liquidity reports, reports of findings from on-the spot checks and inspections of branches);
- in assessments (branch risk assessments);
- in plans (information regarding strategies or business plans relating to the future operations and within recovery plans)?

Could the planned implementation by GLEIF of LEIs for branches according to the LEI ROC policy outlined in *'Including data on international/foreign branches in the Global LEI System'* published in May 2016 support the identification needs of the EBA for the collection of data to supervise significant and significantplus branches')?