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Status

Final Q&A

Legal act

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Topic

Supervisory reporting

Article

99

Paragraph

Subparagraph

COM Delegated or Implementing Acts/RTS/ITS/GLs

Regulation (EU) No 680/2014 - ITS on supervisory reporting of institutions (as amended)

Article/Paragraph

Annex V

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Type of submitter

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Subject matter

Counterparty classification of the ESM and the ESFS

Question

How are ESM and ESFS to be classified for FINREP - as government or as non-financial corporations?

Background on the question

Annex V, Part 1, par. 42(b) of the ITS on Supervisory Reporting (reporting framework 2.7) states that "general governments" comprises also international organisations, such as the European Community, the International Monetary Fund and the Bank for International Settlements. Art. 118(d) and (e) of the CRR -in the context of the definition of risk weights -includes both the European Financial Stability Facility (EFSF) and the European Stability Mechanism (ESM) within the international organisations. In light of EBA Q&A 2013_139, it seems that both the EFSF and the ESM should be classified as general governments. However, the same par. 42(e) of the ITS on Supervisory Reporting specifies that "non-financial corporations" are corporations and quasi-corporations not engaged in financial intermediation but principally in the production of market goods and non-financial services according to the ECB BSI Regulation. In fact, for statistical purposes both the EFSF and the ESM have to be classified as non-financial corporations. Against this background, it is questionable to us whether EBA Q&A 2013_139 should be applied in this context. Specifically: (i) regarding the EFSF, should we follow EBA Q&A 2013_139 (hence classify the EFSF as general governments) or Annex V, Part 1, par. 42(e) of the ITS on Supervisory Reporting (hence classify it as non-financial corporations)?; (ii) does EBA Q&A 2013_139 extend to the ESM as well?

EBA answer

Paragraph 42(b), Annex V, Part 1 of Regulation (EU) No 680/2014 (ITS on Supervisory Reporting) includes within the sector "general governments" also "international organisations, such as institutions of the European Union, the International Monetary Fund and the Bank for International Settlements".

Articles 118(d) and (e) of the CRR - in the context of the definition of risk weights - includes both the European Financial Stability Facility (EFSF) and the European Stability Mechanism (ESM) within the international organisations.

In addition, according to Annex V, Part 3, "Mapping of exposure classes and counterparty sectors", Table 2 Standardised Approach, the exposures to international organisations as defined in the CRR shall be included in the Finrep counterparty sector of General governments.

Against this background, the EFSF and the ESM shall be classified as General governments.

Q&A 2013_139 is outdated as Eurostat 19s "Balance of Payments Vademecum" was updated in 2016.

Link

[EBA website link](#)