



# **Guidance on the Critical Functions Report**

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## Section 1 Introduction

### Key changes in 2019

Please pay attention to the following points:

- Banking groups are required to report the critical functions templates at **country level, for each Member State in which the group operates**.<sup>1</sup> In addition, banking groups may be required to report the critical functions template at different levels of consolidation or aggregation.
- **Institutions do not need to complete Template Z.07.01 FUNC1** required to be reported under Commission Implementing Regulation (EU) 2018/1624. That template (included as a linked worksheet in the SRB spreadsheet) will be automatically populated when banks fill the SRB critical functions template. Institutions should nevertheless verify that the information thereby included in Z.07.01 is indeed correct and in line with the reporting requirements outlined in the Implementing Regulation.
- **Definitions:** Elements that are included in Z.07.01 (FUNC 1) shall be considered to fall under the same definition as in EU 2018/1624. In case of any remaining discrepancies the text of Commission Implementing Regulation (EU) 2018/1624 should prevail.
- **Conventions:** In line with EU 2018/1624: Information not required or not applicable shall not be included in a data submission. Numeric values shall be submitted as facts according to the following:
  - Data points with the data type "Monetary" shall be reported using a minimum precision equivalent to thousands of units;
  - Data points with the data type "Percentage" shall be expressed as per unit with a minimum precision equivalent to four decimals;
  - Data points with the data point "Integer" shall be reported using no decimals and a precision equivalent to units.
- **Q.22 Value of transactions and Q.26 Number of transactions:** As a general rule, the average value and number of daily transactions over the year shall be reported, in line with EU 2018/1624.
- **Supply-side Analysis (C.3, C.13, C.23, C.33, C.43):** the scale has been modified to align with the instructions to Z.07.01. You should select 'H' if a function can easily be provided by another bank under comparable conditions within a reasonable timeframe, 'L' if a function cannot be easily or rapidly substituted, 'MH' and 'ML' for intermediate cases.

### 1. Aim of the Guidance

This document ("the guidance") aims at providing guidance to institutions for completing the reporting template on critical functions. The template's goal is threefold:

1. it provides a structure in which to report relevant data on economic functions and sub-functions;
2. it assists institutions in conducting the self-assessment of criticality in a structured and comparable manner, by listing relevant economic functions, data and by providing indicators for criticality;

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<sup>1</sup> In accordance with Commission Implementing Regulation (EU) 2018/1624.



3. it assists resolution authorities in conducting their criticality assessments by displaying the information and assessment provided by the institution in a structured manner.

Where institutions face difficulties and guidance is not yet available, they may liaise with the Internal Resolution Team (IRT).<sup>2</sup> In this respect, institutions are provided with a separate tab at the end of the Excel file as a standard method of submitting questions. In addition, Annex 3 of the guidance note contains some Frequently Asked Questions and Answers (Q&A) based, among others, on the experiences with a 2016 pilot exercise, as well as 2017 and 2018 template submissions. An internal governance process has been set up to provide the answers to new questions in due time. The deadline for the submission of questions is communicated separately by resolution authorities.

## 2. Definition of Critical Functions

According to the Commission Delegated Regulation (EU) 2016/778 on critical functions, a function shall be considered critical, when it meets both of the following criteria:

1. the function is provided by an institution to third parties (Figure 1) not affiliated to the institution or group; *and*
2. a sudden disruption of that function would likely have a material negative impact on the third parties, give rise to contagion or undermine the general confidence of market participants due to the systemic relevance of the function for the third parties and the systemic relevance of the institution or group in providing the function.

Critical functions cannot overlap with critical shared services, but may overlap with core business lines. In contrast to critical shared services, critical functions are always provided to third parties. Core business lines and critical functions are both provided to third parties, but the key difference is that critical functions play an important role in the real economy or in the financial system, while core business lines are material sources of revenue, profit or franchise value. Figure 1 illustrates the key distinctions between the concepts 'critical shared services', 'critical functions', and 'core business lines'.

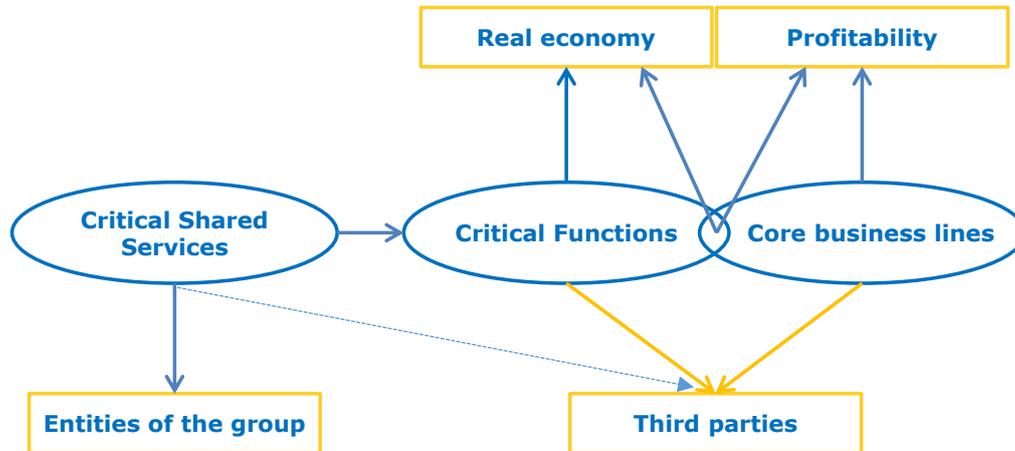
The Commission Delegated Regulation (EU) 2016/778 on critical functions defines a two-step approach for defining critical functions. First, institutions are required to perform a self-assessment when drawing-up recovery plans. Second, resolution authorities shall critically review the recovery plans to ensure consistency and coherence across approaches used by individual institutions. Resolution authorities will therefore undertake their own critical functions assessment when drafting resolution plans. Also, when an institution falls into trouble, authorities need to re-assess whether the critical functions identified in resolution plans have changed due to new, unanticipated circumstances.

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<sup>2</sup> IRTs are responsible for preparing resolution plans for banks under the SRB's remit. They consist of experts from the SRB as well as relevant NRAs.



**Figure 1: Critical functions versus core business lines & critical shared services**



### 3. Structure of the template

**Part 1. Select applicable economic functions.** In the first (green) part of the template, institutions can indicate which sub-functions are applicable for the reporting entity. A sub-function is not applicable if the entity is not providing the function to third parties. This impacts the scope of the exercise: the criticality assessment needs to be done for each *applicable* sub-function. Section 2.2 provides definitions for the sub-functions. Most of them are in line with definitions used in regulatory reporting. Institutions can report additional sub-functions not covered by the template in the *optional* 'additional function categories' (in light grey). These additional functions can be reported by either selecting from a drop-down list or by providing the function's name in the designated text boxes.

**Part 2. Report quantitative data.** For each applicable function, quantitative data<sup>3</sup> should be reported in the (orange) 'data input' part of the template. Data input cells need to be filled for each *applicable* economic sub-function. Section 2.3 provides definitions of the requested data. To facilitate reporting and comparability, the guidance refers to definitions used in other regulatory reporting (e.g. FINREP, COREP, ECB Payments Statistics) where possible and appropriate. However, in contrast to other data collection exercises, quantitative data may be provided as a best estimate since the purpose is to have a clear idea of orders of magnitude. For market shares, for example, the template uses a bucketing system to capture information for which the estimation of a range is sufficient.

**Part 3. Conduct impact & supply-side assessment.** Institutions should assess the impact of discontinuation and substitutability of each *applicable* function with pre-defined indicators (in the blue part 3 of the template). According to applicable legislation<sup>4</sup>, an impact and a supply-side analysis should be conducted to determine criticality.

- The impact analysis assesses the impact of a sudden discontinuation of the function on third parties, financial markets and the real economy, taking into account the size,

<sup>3</sup> This term, as contrasted with qualitative data, relates to data in the form of numerical quantities such as measurements or counts. Source: OECD glossary of statistical terms.

<sup>4</sup> Commission Delegated Regulation (EU) 2016/778 on critical functions, FSB (2013), and EBA (2015).



market share, external and internal interconnectedness, complexity, and cross-border activities of the institution.

- The supply-side analysis assesses the market for providing the function in terms of substitutability. A function shall be considered substitutable where it can be replaced in an acceptable manner and within a reasonable timeframe.

Part 3 of the template specifies indicators for both analyses (definitions in Section 2.4). Institutions need to assess each indicator (from high to low) and report by using drop-down lists. For quantitative indicators, the template specifies which cells from the data input part could be used as a basis.

**Part 4. Conduct criticality assessment.** Based on the impact and supply-side analyses, institutions conclude on the criticality of each sub-function. This part of the template summarizes the outcome of the impact and supply-side analyses (from high to low), forming the basis for the final criticality assessment (critical: yes or no). Section 2.5 provides guidance on how this assessment can be conducted.

#### 4. Scope of the Report

Banking groups are required to report the critical functions templates at **country level, for each Member State in which the group operates**.<sup>5</sup> At a minimum, this should cover countries in which the ultimate parent entity as well as other relevant legal entities<sup>6</sup> are located, and countries in which the group provides services the discontinuation of which would likely have a material negative impact on third parties, financial markets and the real economy.<sup>7</sup>

In addition, banking groups may be required to report the critical functions template at the level of the EU ultimate parent undertaking. Further sub-consolidated reports may be required in some specific cases where in one country different sub-groups exist (e.g. operating under different brands and/or different business models). More granular information at the individual level may also be considered necessary to appropriately identify the legal entities providing critical functions. Critical functions reports covering third countries (including third country branches) could also be required from institutions if this is deemed necessary by the IRT for the resolution planning process.

Reporting is mandated for each country and entity identified by resolution authorities as falling within the scope of this exercise. Institutions will receive instructions separately with regard to which entities this concerns and to the scope of consolidation or aggregation.

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<sup>5</sup> In accordance with Commission Implementing Regulation (EU) 2018/1624 laying down implementing technical standards with regard to procedures and standard forms and templates for the provision of information for the purposes of resolution plans [...].

<sup>6</sup> As defined in EU/2018/1624: 'relevant legal entity' means a group entity that meets any of the following criteria: (a) it represents or provides more than 5% of the total risk exposure amount referred to in Article 92(3) of Regulation (EU) No 575/2013, leverage ratio total exposure measure referred to in Article 429(4) of that Regulation or operating income of the group on a consolidated basis; or (b) It provides critical functions.

<sup>7</sup> Note that EU/2018/1624 a priori assumes reporting for **all** Member States in which the group is active.



The activity of branches shall be reported as follows:

- In country level reports: branches shall be aggregated in the report of the country in which they provide services;
- When individual reports are requested at the level of legal entities: branches shall be aggregated in the report of the legal entity to which they belong, irrespective of their geographic location.
- Separate reporting will be required for branches of institutions incorporated in the EU, where the IRT considers that such branches are important for the local economy (i.e. they are presumed or have been found in the past to offer critical functions and / or are important for the financial stability of the host Member State).

This might lead to the activity of branches being included in several reports.

With regard to the responsibilities of the SRB and NRAs within the SRMR, the scope is determined to cover, at a minimum, significant institutions and cross-border less-significant institutions.

## 5. Reporting Process

The reporting frequency for the data is set to a yearly basis, for the situation as it stands at 31 December of each year prior to the reporting. For this year, the deadline for submission is set at 30 April 2019.

Notwithstanding these provisions, resolution authorities can request the information at any time they deem necessary and/or deviate from the above reporting date. In times of crisis, deadlines might be very close to the reporting date. It is recognised that such short deadlines are ambitious and may require individual entities and groups to develop adequate IT tools. This is for banks and/or groups to define and determine as appropriate.

The reports shall be submitted to the NRA of the Banking Union jurisdiction in which the (ultimate) parent entity is incorporated, for all entities in scope. Subsequently, the NRA will transmit the report to the SRB.

### SRB Templates and EU Resolution Reporting Templates<sup>8</sup>

Institutions do not need to complete Template Z.07.01 FUNC1 required to be reported under the relevant Commission Implementing Regulation (henceforth "RESREP" templates). As reporting the RESREP templates is a regulatory obligation, and to avoid the need for double reporting, the SRB has inserted an additional worksheet in the SRB spreadsheet, which contains RESREP Template Z.07.01. That template will be automatically populated for reports covering a country ("MS CFTs") when banks fill the SRB critical functions template. Institutions should nevertheless verify that the information thereby included in Z.07.01 is indeed correct and in line with the reporting requirements outlined in the Implementing Regulation.

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<sup>8</sup> Commission Implementing Regulation (EU) 2018/1624.



Once the SRB critical functions templates have been filled, banking groups should provide a mapping to individual entities in the RESREP template (07.02 FUNC2). The SRB and RESREP templates should complement each other. This means that the RESREP template should contain the same list of critical functions as identified in the SRB template (in columns 010 'country' and 020 'ID'), plus any additional functions banks may be requested to include, for example as a result of the 2018 assessment performed by resolution authorities, if available. The function ID reported in RESREP Template Z.07.02 FUNC2 should correspond to the function ID of RESREP Template Z.07.01. The reporting institution can derive this from the additional auto-filled worksheet with RESREP template Z.07.01 FUNC1. Alternatively, we provide below a mapping of SRB and RESREP function codes. Optional functions are not shown.

List of functions	SRB Code	RESREP Code
<b>Deposits</b>		
Households	F.1	1.1
Non-financial corporations - SMEs	F.2	1.2
Non-financial corporations - non-SMEs	F.3	1.3
General Governments	F.4	1.4
<b>Lending</b>		
Households - lending for house purchase	F.11	2.1
Households - other lending	F.12	2.2
Non-financial corporations - SMEs	F.13	2.3
Non-financial corporations - non-SMEs	F.14	2.4
General Governments	F.15	2.5
<b>Payment, Cash, Settlement, Clearing, Custody</b>		
Payment services to MFIs	F.21	3.1
Payment services to non-MFIs	F.22	3.2
Cash services	F.23	3.3
Securities settlement services	F.24	3.4
CCP clearing services	F.25	3.5
Custody services	F.26	3.6
<b>Capital markets</b>		
Derivatives held for trading - OTC	F.31	4.1
Derivatives held for trading - non-OTC	F.32	4.2
Secondary markets / trading (held-for-trading only)	F.34	4.3
Primary Markets / underwriting	F.35	4.4
<b>Wholesale funding</b>		
Borrowing	F.41	5.1
Derivatives (assets)	F.42	5.2
Lending	F.43	5.3
Derivatives (liabilities)	F.44	5.4

Banks which identify critical functions in the critical functions report for resolution planning purposes should preferably also submit the same information in recovery plans. The need to align the identification of critical functions in recovery and resolution plans is recognised by banking supervisors and resolution authorities.



## Section 2

### Template-related Guidance

#### 1. Conventions

The format is an Excel file. The filename is to be constructed using the following syntax (see details in Table 1):

[Institution Identifier]\_[Country of Incorporation, Location or Activities<sup>9</sup> ]\_CFT2019\_[Level of Consolidation or Aggregation]\_[Time Stamp].xls(x)

Example: BE123456789012345678\_BE\_CFT2018\_IND\_20180428.xlsx

**Table 1: Conventions**

[Institution Identifier]	LEI-code of the entity. In the absence of a LEI, the ECB MFI ID of the entity for use in RIAD should be used. In absence of both such identifiers, a local identifier shall be used (please contact the NRA for this). For templates covering a country (MS CFTs), the LEI code of the EU ultimate parent undertaking (or central body for cooperative banking groups) should be used.
[Country of Incorporation, Location or Activities]	ISO code for the country of incorporation (2 digits). <ul style="list-style-type: none"> <li>✓ For <b>MS CFTs</b>, the ISO code of the country for which the information is reported.</li> <li>✓ In case of <b>separate reporting for branches</b>: country in which the branch is located.</li> </ul> Note that this should be the same information as in G.4 in the template.
[Level of Consolidation or Aggregation]	<ul style="list-style-type: none"> <li>✓ <b>MS</b>: Aggregating all the activities of entities in a given country in which the banking group is active (in line with Commission Implementing Regulation (EU) 2018/1624). See also under 2.1 Definitions G.5 Level of aggregation</li> <li>✓ <b>CONS</b>: Consolidated/Aggregated at the level of the entity for which the report is submitted;</li> <li>✓ <b>IND</b>: Individual, at the level of the entity for which the report is submitted;</li> <li>✓ <b>RES</b>: Consolidating/aggregating all the activities of the Resolution group, as defined and communicated by Resolution Authorities</li> </ul>
[Time Stamp]	Date at which file was created (YYYYMMDD)

To ensure consistency and to allow the submitted data to be treated and analysed in a uniform way, parts of the template have been 'locked'. The template should not be altered in any way, only cells which the institutions are required to fill should be completed.

<sup>9</sup> The term "activities" is used with the meaning of "countries in which the group operates" cf. Commission Implementing Regulation (EU) 2018/1624.



**Blank cells** need to be filled by the institution, either by providing quantitative data or by selecting one of the options from a drop-down list. **Cells in light grey** are optional: they only need to be filled by the institution when deemed relevant for this exercise. **Cells in dark grey** should not be filled by the institution.

For **intervals**, the following notations are used: square brackets [ ] when values are **included**, or round brackets ( ) when they are **excluded**, for example: [10-15%) means from 10% to 15%, including 10% but excluding 15%.

**In line with Commission Implementing Regulation (EU) 2018/1624:**

- Information not required or not applicable shall not be included in a data submission.
- Numeric values shall be submitted as facts according to the following:
  - Data points with the data type "Monetary" shall be reported using a minimum precision equivalent to thousands of units;
  - Data points with the data type "Percentage" shall be expressed as per unit with a minimum precision equivalent to four decimals;
  - Data points with the data type "Integer" shall be reported using no decimals and a precision equivalent to units.

Values will exclusively be reported **in EUR (counter) value**. For foreign currencies, this means that conversion is required, which will be done at the reference rates published by the ECB on the date for which the template is reported (31 December 2017). In case this is a TARGET closing date, the exchange rate shall refer to the one published at the closest date before the reporting date. In cases where this is not practicable, you may report using the exchange rate used in your internal systems; please mention this in the "comments" cell at the end of each economic function.

In all the data provided, **please exclude intragroup transactions**. Critical functions are services provided to third parties exclusively.

In parts 3 (impact and supply-side assessments) and 4 (criticality assessment), institutions need **to select the appropriate option from a drop-down list**. There are four options for each indicator: low, medium-low, medium-high, and high. In one case there are only two options (critical: yes or no).



## 2. Definitions

This section provides definitions and further guidance related to the template, specifically:

- 2.1 General information included in the template
- 2.2 Sub-functions (part 1 of the template)
- 2.3 Data input cells (part 2 of the template)
- 2.4 Impact and supply-side analyses indicators (part 3 of the template)
- 2.5 Criticality assessment (part 4 of the template)

Where meaningful and possible, these definitions are aligned with existing regulatory definitions. Elements that are also requested in EBA template Z.07.01 (FUNC 1) shall be considered to fall under the same definition as in Commission Implementing Regulation (EU) 2018/1624. **In case of any remaining discrepancies the text of this regulation should prevail.** This is also true for specific guidance in respect of MS CFTs: this guidance will be superseded by any relevant Q&As answered by the EBA.

Nonetheless, if the definitions do not match internal definitions or business lines, please map internal definitions or business lines to the pre-defined categories, or use the designated optional 'additional function' rows. Please provide **the mapping details and/or internal definition used in the comment cells** in the template.

### 2.1 Definitions related to general information

#### *G.1 Name of the legal entity*

Name of the Entity for which the template is provided, as reported in EBA template Z.01.00 – Organisational structure (ORG): official name as it appears in corporate acts, including the indication of the legal form.

#### *G.1 Identifier of legal entity*

Code for the relevant entity, as reported in Z.01.00 – Organisation structure (ORG): 20-digit, alpha-numeric LEI code of the entity. The Legal identifier uniquely identifies every legal entity or structure that is party to a financial transaction, in any jurisdiction. In the absence of a LEI, the ECB Monetary Financial Institutions unique IDentifier (MFI ID) of the entity for use in RIAD should be used. In absence of both such identifiers, a local identifier shall be used (please contact the NRA for this).

#### *G.2 Name of the Ultimate Parent Entity*

Name of the Ultimate Parent Entity, as reported in EBA template Z.01.00 – Organisational structure (ORG): official name as it appears in corporate acts, including the indication of the legal form.

#### *G.2 Identifier of the Ultimate Parent Entity*

Code for the Ultimate Parent Entity, as reported in Z.01.00 – Organisation structure (ORG): 20-digit, alpha-numeric LEI code of the entity. In the absence of a LEI, the ECB Monetary Financial Institutions unique IDentifier (MFI ID) of the entity for use in RIAD should be used. In absence of both such identifiers, a local identifier shall be used (please contact the NRA for this).



### *G.3 Optional - Name of the Intermediate Parent Entity*

Please only report if the information is provided at sub-consolidated level. Name of the Intermediate Parent Entity, as reported in EBA template Z.01.00 – Organisational structure (ORG): official name as it appears in corporate acts, including the indication of the legal form.

### *G.3 Optional - Identifier of the Intermediate Parent Entity*

Please only report if the information is provided at sub-consolidated level. Code for the Intermediate Parent Entity, as reported in Z.01.00 – Organisation structure (ORG): 20-digit, alpha-numeric LEI code of the entity. In the absence of a LEI, the ECB Monetary Financial Institutions unique IDentifier (MFI ID) of the entity for use in RIAD should be used. In absence of both such identifiers, a local identifier shall be used (please contact the NRA for this).

### *G4. Country of incorporation, location or activity*

The ISO 3166-1 alpha-2 identification of the country from the predefined drop-down list of countries. For MS CFTs, the ISO code of the country for which the information is reported. In case of separate reporting for branches: country in which the branch is located.

### *G.5 Level of Consolidation or Aggregation*

Type of situation of the report (select from drop-down list), either

- ✓ 'Member State/Country' (in line with Commission Implementing Regulation (EU) 2018/1624)
- ✓ 'Consolidated/Aggregated',
- ✓ 'Resolution Group' (to be used only if it differs from 'Consolidated' or 'Member State') [where such a determination has been made by resolution authorities],
- ✓ 'Individual'.

The MS CFT corresponds, in terms of level of aggregation, to RESREP template Z.07.01 FUNC, though it contains additional data points.

### *G.6.1 Reporting date*

Prefilled reference date of the reported data in XML-format (i.e. DD-MM-YYYY).

### *G.6.2 & G.6.3 Reporting period*

Where data is reported based on daily averages, reference period for that reported data in XML-format (i.e. DD-MM-YYYY). The pre-filled period may be modified if appropriate.

### *G.7 Accounting Standard*

Identification of applicable accounting standards, either 'IFRS' or 'National GAAP' (select from drop-down list). There might be differences within a same group.



## 2.2 Definitions related to specific sub-functions (part 1 of the template)

### Deposits (F.1-5)

Deposit taking shall refer to the acceptance of deposits from non-financial intermediaries. It does not include borrowing from other financial intermediaries, which is dealt with separately in Wholesale Funding. Deposits include: i) current accounts / overnight deposits, ii) deposits with agreed maturity, and iii) deposits redeemable at notice, and exclude repurchase agreements.

References: FSB (2013) p.14<sup>10</sup>; Regulation (EU) No 1071/2013 Annex II Part 2 items 9.1, 9.2 and 9.3.

#### *F.1 – Households*

Individuals or groups of individuals as consumers and producers of goods and non-financial services, exclusively for their own final consumption, and as producers of market goods and non-financial and financial services provided that their activities are not those of quasi-corporations. Non-profit institutions which serve households and which are principally engaged in the production of non-market goods and services intended for particular groups of households are included.

References: FINREP Annex V. Part 1. Chapter 6, paragraph 42(f).

#### *F.2 Non-financial corporations (SMEs)*

Small Medium Enterprises (SMEs) which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million. The ceilings apply to individual firms only. For firms that are part of a larger group the turnover/headcount/balance sheet data for that group should also be included.

References: Definition SME: FINREP Annex V Part 1 chapter 1, paragraph 5(i); and Annex to Commission Recommendation 2003/361/EC concerning the definition of micro, small and medium-sized enterprises; Definition of non-financial corporations: FINREP: Annex V. Part 1.6(e).

#### *F.3 Non-financial corporations (non-SMEs)*

Corporations and quasi-corporations excluding SMEs (F.2) not engaged in financial intermediation, but principally in the production of market goods and non-financial services according to the ECB BSI Regulation (ECB/2013/33).

#### *F.4 General governments*

Central governments, state or regional governments, and local governments, including administrative bodies and non-commercial undertakings, but excluding deposits of public companies and private companies held by these administrations that have a commercial activity (which shall be reported under F.3 'non-financial corporations'); social security funds; and international organisations, such as the European Community, the International Monetary Fund and the Bank for International Settlements.

Reference: FINREP: Annex V. Part 1. Chapter 6, paragraph 42(b).

<sup>10</sup> References to the FSB provide additional information on the type of activity involved in the respective functions. However, not all products mentioned by the FSB should necessarily be considered in scope. In terms of scope of products or instruments included, FINREP categories should prevail.



*F.5 (1-3) Optional: Additional function*

Only report if you consider that reporting one or more additional functions is essential for the analysis. If you use this option, please enter the name of the additional function.

**Lending (F.11-16)**

Lending shall refer to the provision of funds to non-financial counterparties, such as corporate or retail clients. Lending to financial counterparties is a distinct activity and is assessed in 'Wholesale Funding'. Loans include debt instruments held by the institutions but exclude debt instruments that are securities, irrespective of their accounting classification (e.g. held-to-maturity or available for sale).

References: FSB (2013) p.17; Regulation (EU) No 1071/2013 Annex II Part 2 item 2.

*F.11 Households - lending for house purchase*

For a definition of households, see Deposits (F.1). Lending for house purchase means loans extended to households for the purpose of investing in houses for own use and rental, including building and refurbishments.

Reference: FINREP: Annex V. Part 2. Chapter 5, paragraph 88(b).

*F.12 Households – other lending*

For a definition of households, see Deposits (F.1). Households (other lending) means total lending to households excluding lending for house purchase (F.11).

*F.13 Non-financial corporations (SMEs)*

For a definition of SMEs, see Deposits (F.2).

*F.14 Non-financial corporations (non-SMEs)*

For a definition of non-financial corporations other than SMEs, see Deposits (F.3).

*F.15 General governments*

For a definition of general governments, see Deposits (F.4).

*F.16 (1-3) Optional: Additional function*

Only report if you consider that reporting one or more additional functions (e.g. specialised finance functions like trade finance, etc.) is essential for the analysis. If you use this option, please select one of the options from the drop-down list in the first optional row (F.5.1). If the function is not specified in the drop-down list, please provide the name of the additional function. The following options are provided in the drop down list:

- *Leasing:* A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. Only report if you are the lessor.
- *Trade finance and factoring:* Trade receivables include loans to other debtors granted on the basis of bills or other documents that give the right to receive the proceeds of transactions for the sale of goods or provision of services. This also includes factoring.

References: FINREP: Annex V. Part 2. Chapter 5, paragraph 85(c) and (d). IAS 17.



### **Payments, Cash, Settlement, Clearing, Custody services (F.21-27)**

The economic functions included under this caption shall consist of the provision of payments, cash, settlement, clearing and custody services by a credit institution, as an intermediary between own clients or as an intermediary between a client and one or several relevant FMIs, or the provision of (indirect) access to FMIs to other banks. In line with FSB guidance on the Identification of Critical Functions and Critical Shared Services, the payments, clearing and settlement function is limited to services provided by banks to their clients. This category does not cover services provided by (pure) FMI providers. For the purpose of this template, FMIs include payment systems, securities settlement systems, central securities depositories and central counterparties (and do not include trade repositories).

'Payment service', 'payment transaction', and 'payment system' have the same meaning as defined in Article 4(3) and (5) and (7), respectively, of Directive 2015/2366 on payment services in the internal market.

References: FSB (2013) p.20., EU Directive on payment services in the internal market (2015/2366) Article 4 & Annex 1.

#### *F.21 Payment services to MFIs*

This row shall include payment services offered to Monetary Financial Institutions (MFIs), with (i.e. where the reporting entity acts as direct participant for the benefit of other MFIs, which are indirect participants) or without (i.e. where transactions may be fully or partially internalised) use of external payment systems. This shall also include (payments related to) correspondent banking services. MFIs consist of all institutional units included in the sub-sectors: i) central bank; ii) deposit-taking corporations except the central bank; and iii) money market funds.

References: EU Directive on payment services in the internal market (2015/2366) Article 4 (3) & Annex 1; MFIs are defined in the ECB Regulation on payment statistics (ECB/2013/43) page 11.

#### *F.22 Payment services to non-MFIs*

Payment services (such as the ability to perform credit transfers, direct debits, card payments with cards issued by the reporting entity (except cards with an e-money function only), e-money payment transactions or cheques) offered to clients, with or without the use of external payment systems. This shall only include natural or legal persons who do *not* belong to the MFIs sector. Payment service providers are also excluded from the 'non-MFIs' sector.

Reference: Non-MFIs are defined in the ECB Regulation on payment statistics (ECB/2013/43) page 11.

#### *F.23 Cash services*

Provision of cash services to clients (both individuals and corporates, only non-MFIs). These services refer to withdrawals at ATMs and at branch counters and do not include other cash services (like cash-in-transit services for mass retailers). Cash withdrawal with cheques and at branch counters using bank forms (where cards may be used as identification means) are also included.



#### *F.24 Securities settlement services*

Services offered to clients for confirmation, clearing and settlement of securities transactions, with or without use of securities settlement systems. 'Settlement' means the completion of a securities transaction where it is concluded with the aim of discharging the obligations of the parties to that transaction through the transfer of cash and/or securities.

Reference: EU Regulation on improving securities settlement in the European Union and on central securities depositories (909/2014).

#### *F.25 CCP clearing services*

Securities and derivatives clearing services provided to clients. This also includes the provision of indirect access to a CCP.

Reference: EU Regulation No 648/2012 on OTC derivatives, central counterparties and trade repositories (EMIR)..

#### *F.26 Custody services*

Safekeeping and administration of financial instruments for clients and services related to custodianship, such as cash and collateral management.

Reference: EU Directive on markets in financial instruments (2014/65/EU) point (1) of Section B of Annex 1.

#### *F.27 (1-3) Optional: Additional function*

Only report if you consider that reporting one or more additional functions is essential for the analysis. If you use this option, please enter the name of the additional function.

### **Capital Markets (F.31-36)**

Capital markets activities shall refer to the issuance and trading of securities, related advisory services, and related services such as prime brokerage and market making. With regard to derivatives and secondary markets activities, the primary focus is on the institution's role in providing liquidity to the market.

Reference: FSB (2013) p.24.

#### *F.31 Derivatives held for trading (OTC)*

A derivative is a financial instrument a) whose value changes in response to the change of an underlying variable such as an interest rate, commodity or security price, or index; b) that requires no initial investment, or one that is smaller than would be required for a contract with similar response to changes in market factors; and c) that is settled at a future date. Examples for derivatives are: forwards, interest rate swaps and forward rate agreements, futures, options, caps and floors.

More specifically, a derivative or derivative contract means a financial instrument as set out in points (4) to (10) of Section C of Annex I to Directive 2014/65/EU as implemented by Articles 38 and 39 of Regulation (EC) No 1287/2006.

An OTC derivative or OTC derivative contract means a derivative contract the execution of which does not take place on a regulated market within the meaning of Article(1)(21) of Directive 2014/65/EU or a third-country market considered to be equivalent to a regulated market in accordance with Article 2a of regulation (EU) No 648/2012.



The amount to be reported shall only include derivatives traded in the OTC market.  
References: Article 2(5) and (7) of Regulation (EU) No 648/2012. Points (4) to (10) of Section C of Annex I to Directive 2014/65/EU; Articles 38 and 39 of Regulation (EC) No. 1287/2006; IAS 39.9; IFRS 7.8(e)(ii); FINREP: Annex III, Table 10.

*F.32 Derivatives held-for-trading (non-OTC)*

All derivatives held for trading, excluding OTC derivatives held for trading (F.31).  
References: IAS 39.9; IFRS 7.8(e)(ii); FINREP Annex III Table 10.

*F.33 (1-5) Optional: Derivatives (total) by product*

Only report if you consider that providing a breakdown per product is essential for the analysis (for example, if you have a high market share in one particular product only). In line with FINREP, products covering the following types of risk categories can be reported: interest rate, equity, foreign exchange and gold, credit, and commodity.  
Reference: FINREP: Annex V. Part 2.67.

*F.34 Secondary markets / Trading:*

The secondary market is where investors buy and sell securities. This sub-function applies to the total trading portfolio (i.e. equity, corporate credit, sovereign credit). The amount to be reported shall include the value of securities measured as the total amount of securities in the held-for-trading accounting category. Securities shall be reported at fair value at the reporting date. The amount shall not include loans, derivatives and non-tradable assets (e.g. receivables).  
Reference: IAS 32.11; FINREP: Annex V. Part 1.Chapter 4.1, paragraph 17; FINREP: Annex III, Table 04.01; FSB (2013).

*F. 34.1 & 34.2 Optional Secondary markets / Trading by product:*

Only report if you consider that providing a breakdown per product is essential for the analysis. A breakdown can be provided in the following instruments: debt and equity.  
References: IAS 32.11; FINREP: Annex III Table 04.01.

*F.35 Primary markets / underwriting*

A primary market is where new securities are issued on an exchange by companies, governments, and other groups to obtain financing through debt-based or equity-based securities (like common and preferred stock, corporate bonds, notes, bills, government bonds). Primary markets are facilitated by underwriting groups, which buy unsubscribed securities on a given date at a particular price, thus guaranteeing the full proceeds to the borrower.  
Reference: FSB (2013).

*F. 35.1 & 35.2: Optional: Primary markets by product*

Only report if you consider that providing a breakdown per product is essential for the analysis. A breakdown can be provided in the following instruments: debt and equity. Equity includes all types of equity market transactions, such as initial public offerings, additional offerings of common stocks, depositary receipts and rights offerings. Also include equity-linked transactions such as convertible bonds, convertible preferred bonds and exchangeable bonds. Debt includes all types of underwriting transactions relating to



debt securities, both secured (e.g. covered bonds, asset-backed security) and unsecured (e.g. medium term notes).

References: FSB (2013) p.27; EU Directive on markets in financial instruments (2014/65/EU); Glossary of useful terms linked to markets in financial instruments<sup>11</sup>.

#### *F.36 (1-5) Optional: Additional function*

Only report if you consider that reporting one or more additional functions is essential for the analysis. If you use this option, please select one of the options from the drop-down list. If the function is not specified in the drop-down list, please select 'other' and provide the name of the additional function. The following options are provided in the drop down list:

- *Market making* means to act as a market maker, i.e. a person who holds himself out on the financial markets on a continuous basis as being willing to deal on own account by buying and selling financial instruments against his proprietary capital at prices defined by him. Reference: EU Directive (2014/65/EU) Art. 4(7).
- *Prime brokerage* means the purchase and sale/intermediation on behalf of wholesale (buy-side) clients. Reference: AIFMD Art. 4(1).
- *Asset management* means the provision of private banking and fee-based services (i.e. wealth investment advisory, access to external investment funds) to clients.
- *Debt structure advisory* focuses on strategic advice to (corporate) clients seeking to raise debt and / or to optimise their financing structure (i.e. assisting in raising new debt, debt restructuring, developing refinancing strategies).

### **Wholesale Funding (F.41-45)**

Wholesale activities shall refer to lending and borrowing in wholesale markets to and from financial counterparties (credit institutions and other financial corporations including insurance undertakings and funds).

Reference: EMIR.

#### *F.41 Borrowing*

Borrowing in wholesale markets from financial counterparties (including by way of repurchase agreements, inter-bank borrowing, commercial paper, certificate of deposits, money market funds, lines of credit, asset-backed commercial paper and fiduciary deposits).

References: FSB (2013) p. 24, IAS 39.9.

#### *F.42 Derivatives (assets)*

All derivatives with financial counterparties held on the asset side of the balance sheet. See 'Capital Markets' (F.31) for a definition of derivatives. In contrast to 'Capital markets', in 'Wholesale Funding', derivatives include all derivative contracts with financial counterparties (not limited to held-for-trading).

Reference: FINREP: Annex III, Table 20.04, column 01, row 020 + 030.

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<sup>11</sup> [https://ec.europa.eu/info/system/files/glossary\\_en.pdf](https://ec.europa.eu/info/system/files/glossary_en.pdf)



#### *F.43 Lending*

Lending in wholesale markets to financial counterparties (including by way of reverse repurchase loans, commercial paper, certificate of deposits, money market funds, lines of credit, asset backed commercial paper, fiduciary deposits).

References: FSB (2013) page 24, IAS 39.9.

#### *F.44 Derivatives (liabilities)*

All derivatives with financial counterparties held on the liability side of the balance sheet. See 'Derivatives total assets' (F.42) for a definition.

Reference: FINREP: Annex III, Table 20.06, column 01, row 020 + 030.

#### *F.45 (1-3) Optional: Additional function*

Only report if you consider that reporting one or more additional functions is essential for the analysis. If you use this option, please select one of the options from the drop-down list. If the function is not specified in the drop-down list, please select 'other' and provide the name of the additional function. The following options are provided in the drop down list:

- *Securities lending or borrowing activities* involve temporary exchange of securities, generally for cash or other securities of at least an equivalent value, with an obligation to redeliver a like quantity of the same securities on a future date. More specifically, 'securities or commodities lending' or 'securities or commodities borrowing' means a transaction by which a counterparty transfers securities or commodities subject to a commitment that the borrower will return equivalent securities or commodities on a future date or when requested to do so by the transferor, that transaction being considered as securities or commodities lending for the counterparty transferring the securities or commodities and being considered as securities or commodities borrowing for the counterparty to which they are transferred.  
Reference: EU Regulation (2015/2365) on transparency of securities financing transactions and of reuse Art. 3(7).
- *Margin lending* means transactions in which credit is extended in connection with the purchase, sale, carrying or trading of securities.<sup>12</sup> Reference: CRR Art. 272 (3).

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<sup>12</sup> Margin lending transactions do not include other loans that are secured by collateral in the form of securities.



## 2.3 Definitions related to data input cells (part 2 of the template)

### Deposits (Q.1-6)

#### *Q.1 National market share (data type: percentage<sup>13</sup>)*

Estimate of the market share of the institution or group for the economic function in the respective country. For deposits, this corresponds to the value of domestic deposits relative to the total value of domestic deposits.

For MS CFTs, this may be calculated as: total value on accounts (Q.3) divided by total value of deposits in the country.

For reports other than MS/Country reports, this may be calculated as: total value on accounts (Q.3) – total value of deposits held by non-domestic residents or undertakings (Q.6), divided by total value of deposits in the country.

#### *Q.2 Optional – regional or EU market share (data type: percentage)*

Only report, in addition to national market share (Q.1), if you believe the relevant market for the deposit-taking function provided by your institution is regional or within the EU.

When the relevant market is deemed to be regional, it can be calculated as: total value of regional deposits of the reporting entity divided by total value of deposits in the region (in the main region in which the institution is active).

When the relevant market is deemed to be within the EU, it can be calculated as: total value of deposits in the EU of the reporting entity divided by total value of deposits in the EU.

#### *Q.3 Value on accounts (data type: monetary, in '000 EUR)*

Carrying amount (including accrued interest) of deposits.

In the case of MS CFTs: only report total value on accounts held by residents in the relevant country.

References: FINREP Annexes III and IV Table 08.01 columns 10+20+30, rows depend on counterparty (320+330+340 for households, 270+280+290 for non-financial corporations (for the sum of SME plus other, i.e. F.2 and F.3 in the template), 120+130+140 for governments); and FINREP Annex V Part 2. Chapter 8, paragraph 97.<sup>14</sup>

#### *Q.4 Number of clients (data type: integer, in units)*

Total number of clients which deposited the values reported in Q.3 'value on accounts'. If one client uses more than one deposit product/ account, the client is counted only once.

#### *Q.5 Number of accounts (data type: integer, in units)*

Total number of current accounts / overnight deposits, deposits with agreed maturity and deposits redeemable at notice. Joint accounts should preferably be counted only once. The total number of accounts in this column should correspond to the value reported in Q.3 'value on accounts'.

<sup>13</sup> In case of a 3% market share, please fill "3"; the cell has been formatted as a percentage and will display "3%". The linked RESREP template will show "0,003".

<sup>14</sup> FINREP references are provided to make clear which type of information is requested. Nevertheless, the scope of such information may not be the same as, for the purpose of identifying critical functions, intragroup transactions should be excluded.



### *Q.6 Cross-border value (data type: monetary, in '000 EUR)*

Value on accounts of non-residents (non-domestic persons). Domestic persons include: (i) persons that have their main economic interest (economic activities for at least one year; ownership of physical assets is considered sufficient evidence) within the country of the reporting entity, and (ii) foreign branches of the clients of the reporting entity.<sup>15</sup> not of the reporting entity itself). References: FINREP Annex III, Table 20.6 Geographical breakdown of liabilities by residence of the counterparty.

## **Lending (Q.11-17)**

### *Q.11 National market share (data type: percentage)*

Estimate of the market share of the institution or group for the economic function in the respective country. For lending this corresponds to the value of outstanding lending to domestic residents or domestically incorporated firms, relative to the total value outstanding in the national market.

For MS CFTs, this may be calculated as: total value outstanding (Q.13) divided by total value of lending in the country.

For reports other than MS CFTs, this may be calculated as: total value outstanding (Q.13) – total value of loans outstanding to non-domestic residents or undertakings (Q.16) divided by total value of lending in the country.

### *Q.12 Optional - Regional or EU market share (data type: percentage)*

Only report, in addition to national market share, if you believe the relevant market for the lending function provided is regional or within the EU. It can be calculated as: total value of outstanding loans in region or in the EU divided by total value of lending in the region or in the EU.

### *Q.13 Value outstanding (data type: monetary, in '000 EUR)*

Gross carrying amount of unimpaired and impaired loans and advances (including accrued interest). Lending stock is taken as a proxy for expected future lending.

In the case of MS CFTs: only report total value outstanding of loans to residents in the relevant country (see also cross-border values for reference).

References: FINREP Annexes III and IV Table 04.04.01 columns 10 +20, rows depend on counterparty (130+270 for households (sum of house purchase and other lending, i.e. F.11 and F.12 in the template); 120+260 for non-financial corporations (sum of SME plus other, i.e. F.13 and F.14 in the template); 90+230 for governments); and FINREP Annex V Part 2 paragraph 34 (b).

- For leasing: Table 5 columns 010, 020, 050 (i.e. excluding households, credit institutions and other financial institutions), row 040.
- For trade receivables and factoring: Table 5 columns 020, 050 (idem), row 030.

### *Q.14 Value committed (data type: monetary, in '000 EUR)*

Nominal value of loans committed, including loan commitments, financial guarantees and other commitments given.

<sup>15</sup> For example, the deposits (at the reporting institution or group) of foreign branches of corporates that are clients of the reporting institution or group should be considered as domestic if the legal entity to which they belong is considered as domestic.



References: FINREP Annex III Table 09.01 column 10, rows depend on counterparty in line with reference in Q.13 'value outstanding' above; and FINREP: Annex V Part 2. Chapter 9, paragraphs 113, 114 and 115.

**Q.15 Number of clients (in units)**

Total number of clients which were provided with the values reported in Q.9 'value outstanding'. If a client is using multiple loan products / accounts, the client is counted only once.

**Q.16 Cross-border value (data type: monetary, in '000 EUR)**

Value outstanding (Q.13) of loans to non-residents, see Deposits (Q.6) 'cross-border value'.

References: FINREP Annex III, Table 20.4 Geographical breakdown of assets by residence of the counterparty.

**Q.17 Risk weighted assets (data type: monetary, in '000 EUR)**

Risk weighted exposure of values reported in (Q.13) 'value outstanding' and (Q.14) 'value committed'.

Reference: COREP 02.00 item 1.1 rows depend on the counterparty.

**Payments, Cash, Settlement, Clearing, Custody services (Q.21-27)**

**Q.21 National market share (data type: percentage)**

Estimate of the market share of the institution or group for the economic function in the respective country. For Payment, Cash, Settlement, Clearing and Custody Services, this corresponds to the value of (payment, securities or cash) transactions (for F.21-24), open client positions at CCPs (for F.25), total assets under custody (for F.26), divided by the overall value of such items in the national market.

Note that the template does not currently offer the possibility to report a different relevant market for payment services than the default relevant market (national). This relates to the fact that different options would need to be offered for different sub-functions (e.g. while the relevant market for payment services to non-MFIs may be regional, the relevant market for payment services to MFIs would rather be larger). Reporting institutions should take into account the fact that the close relation between F22 Payment services to non-MFIs and the categories under F1-F5 Deposits and F11-F16 Lending implies that, by way of analogy, the relevant market for F22 may be similar to that of F1-F5 or F11-F16. They should nevertheless report the national market share as requested.

**Q.22 Value of transactions (data type: monetary, in '000 EUR)**

As a general rule, the average value of daily transactions over the year shall be reported. For payment services to MFIs and securities settlement services, the TARGET 2 opening days should be used to divide the totals over the year;<sup>16</sup> for payment services to non-FMIs and cash services, banks should use 364 or 365 days. If not available, an average over a

<sup>16</sup> TARGET2 is open every day, except Saturdays and Sunday, New Year's day, Good Friday, Easter Monday, 1 May, 25 and 26/12 (i.e. some 255 days per year). See [https://www.ecb.europa.eu/press/pr/date/2000/html/pr001214\\_4.en.html](https://www.ecb.europa.eu/press/pr/date/2000/html/pr001214_4.en.html).



shorter period (e.g. a few months) may be reported. Specifically with regard to the different functions, the following measures shall be considered:

- In the case of MS CFTs: only report values for the country in which the transaction originates.
- **Payment services** (F.21-22): Value of transactions sent. References: EU Directive on payment services in the internal market (2015/2366) Article 4(5); ECB Regulation on payment statistics (ECB/2013/43).
- **Cash services** (F.23): Value of ATM transactions at ATMs of the reporting institution, as defined in ECB/2013/43 Table 5a, as well as over-the-counter cash withdrawals in branch offices of the reporting entity, as defined in ECB/2014/15 Table 4. In the case of MS CFTs: only report value of transactions at ATMs and branch offices in the relevant country. References: ECB Regulation on payment statistics (ECB/2013/43) Table 5a and ECB/2014/15 Table 4.
- **Securities settlement services** (F.24): Value of securities transfers processed on behalf of clients. This includes transactions settled with a securities settlement system or settled internally by the reporting entities, and 'free-of-payment' transactions. Report only the value of transactions sent.

#### *Q.23 Value of open positions (data type: monetary, in '000 EUR)*

Only report for F.25 'CCP clearing services': the positions (exposure) that the CCPs of which the institution is a member take on with the institution on behalf of its clients. Please report the average daily value of open positions related to client activity at CCPs. If not available, you may report averages over a shorter period (e.g. a few months) or open positions at end-of-year.

In the case of MS CFTs: only report total value of open positions related to resident clients in the relevant country.

#### *Q.24 Value of assets under custody (data type: monetary, in '000 EUR)*

Only report for F.26 'Custody services': the amount of assets under custody, using fair value. Other measurement bases including nominal value may be used if the fair value is not available. In those cases where the institution provides services to entities such as collective investment undertakings or pension funds, the assets concerned may be shown at the value at which these entities report the assets in their own balance sheet. Reported amounts shall include accrued interest, if appropriate.

In the case of MS CFTs: only report total value of assets under custody for resident clients in the relevant country.

Reference: FINREP Annex III Table 22.02 column 10, row 60 (custody assets).

#### *Q.25 Cross-border value (data type: monetary, in '000 EUR)*

In the case of sent transactions, to avoid double-counting, cross-border transactions are counted in the country in which the transaction originates. References: ECB Regulation on payment statistics (ECB/2013/43), Part 2.3 §37 and definition of cross-border transaction, Regulation (EC) 924/2009 on cross-border payments in the Community.

Please report the average value of daily transactions ~~total transactions~~ over the year (except for cross-border custody assets). Only report for the sub-functions:

- **Payment services** (F.21-22): Value of cross-border transactions sent.



- **Cash services** (F.23): Value of cash withdrawals at ATMs of the reporting institution by non-residents.
- **Securities settlement services** (F.24): Value of securities transfer transactions processed on behalf of non-resident clients. See Deposits (Q.6) for a definition of non-resident clients.
- **CCP clearing services** (F.25): Value of open positions related to non-resident clients.
- **Custody services** (F.26): Value of assets under management for non-resident clients.

**Q.26 Number of transactions (data type: integer, in units)**

As a general rule, the average number of daily transactions over the year corresponding to the values reported under Q.22, Q.23 or Q.24 shall be reported. If not available, averages over a shorter period (e.g. a few months) may be provided. Specifically with regard to the different functions, the following measures shall be used:

- **Payment services** (F.21-22): Number of transactions sent. References: EU Directive on payment services in the internal market (2015/2366) Article 4(5); ECB Regulation on payment statistics (ECB/2013/43).
- **Cash services** (F.23): Number of ATM transactions, as defined in ECB/2013/43 Table 5a, as well as over-the-counter cash withdrawals, as defined in ECB/2014/15 Table 4.
- **Securities settlement services** (F.24): Number of securities transfer transactions processed on behalf of clients. This includes transactions settled with a securities settlement system or settled internally by the reporting entities and 'free-of-payment' transactions.

**Q.27 Number of clients or ATMs (data type: integer, in units)**

For F.21, F.22, F.24, F.25, F.26 report: In the case of MS CFTs: number of resident clients to which the service is provided. In the case of reports other than MS/Country reports: number of (resident and non-resident) clients to which the service is provided. If one client uses a service within a sub-function more than once, the client shall be counted only once. For F.23 (cash services), report: number of ATM terminals provided in the country, irrespective of the location (inside branch office or elsewhere).

Reference: ECB Regulation on payment statistics (ECB/2013/43) Table 3.

**Capital Markets (Q.31-37)**

Please report trading activities for the markets in which they take place (do not report these activities in the template submitted by the entity in which the resulting positions are booked, if that entity is different from the entity active in the market).

Please report the institution's own activities (not client activity). The primary focus is the provision of liquidity to the market.

**Q.31 National market share (data type: percentage)**

Estimate of the market share of the institution or group for the economic function in the respective country.

- **Derivatives** (F.31-33): Notional amount outstanding within the country: gross nominal amount of all deals concluded and not yet settled at the reference date. For MS CFTs, this may be calculated as: notional amount outstanding (Q.33) divided by the sum of notional amounts outstanding of all institutions providing services in the country. For



reports other than MS CFTs, this may be calculated as: (notional amount outstanding (Q.33) – cross-border value (Q.36)) divided by the sum of notional amounts outstanding of all institutions providing services in the country.

- **Secondary markets** (F.34): Carrying amount outstanding in the country. For MS CFTs, this may be calculated as: total carrying amount (Q.34) divided by the sum of carrying amounts outstanding of all institutions providing services in the country. For reports other than MS CFTs, this may be calculated as: (total carrying amount (Q.34) – cross border value (Q.36)) divided by the sum of carrying amounts outstanding of all institutions within the country.
- **Primary markets** (F.35): fee income generated within the country. For MS CFTs, this may be calculated as: total fee income (Q.25) divided by the overall revenues generated within the country (best estimate by the institution). For reports other than MS CFTs, this may be calculated as: (total fee income (Q.25) – cross-border fee income (Q.36)) divided by the overall revenues generated within the country (best estimate by the institution).

**Q.32 Optional - global or EU market share (data type: percentage)**

Only report, in addition to national market share, if you believe the relevant market for the capital markets function is global or within the EU.

Please report a best estimate of the EU or global market share.

- **Derivatives** (F.31-33): Notional amount outstanding in the EU or worldwide (Q.33) divided by the sum of notional amounts outstanding of all institutions in the EU or worldwide.
- **Secondary markets** (F.34): Carrying amount outstanding in the EU or worldwide (Q.34) divided by the sum of carrying amounts outstanding of all institutions in the EU or worldwide.
- **Primary markets** (F.35): fee income generated by the reporting entity related to securities issuance activities in the EU or worldwide (Q.35) divided by the total revenues related to securities issuance activities generated by all institutions in the EU or worldwide (best estimate by the institution).

**Q.33 Notional amount (data type: monetary, in '000 EUR)**

Only report for derivatives (F.31-33): gross nominal amount of all deals concluded and not yet settled at the reference date. In the case of MS CFTs: only report total notional amount related to counterparties in the relevant country.

References: FINREP Annex V Part 2. Chapter 10.2 paragraph 133 for the definition; for the data FINREP Annexes III and IV:

- Derivatives total (F.32 and F.33): Table 10.00 column 030 row 290.
- Derivatives OTC (F.31): Table 10.00 column 030 rows 300+310+320.

**Q.34 Carrying amount assets (data type: monetary, in '000 EUR)**

Only report for secondary market activities (F.34). The carrying amount to be reported on the asset side of the balance sheet, including accrued interest. In the case of MS CFTs: only report total carrying amount related to counterparties in the relevant country. .

Reference: FINREP: Annex V Part 1. Chapter 5 paragraph 27; paragraph 31 for equity instruments and debt securities; chapter 4.1 paragraph 15 (a) and paragraph 16(a) for



instruments classified as 'Held for Trading'. Annexes III and IV Table 04.01 column 010 rows 010+060+120.

**Q.35 Fee income (data type: monetary, in '000 EUR)**

Only report for primary markets (F.35). In the case of MS CFTs: only report total fee income related to resident clients in the relevant country. Fees and commissions received for involvement in the origination or issuance of securities not originated or issued by the institution.

Reference: FINREP: Annexes III and IV Table 22.01 column 010 rows 030+180.

**Q.36 Cross-border value (data type: monetary, in '000 EUR)**

- **Derivatives** (F.31-33): please estimate the notional amount outstanding outside of the home or relevant country on a best effort basis.
- **Secondary markets** (F.34): gross carrying amount outstanding outside of the home or relevant country. Reference: FINREP Annex III Table 20.04 column 011 rows 040+080, all countries except home or relevant country.
- **Primary markets** (F.35): please estimate the fee income generated outside of the home or relevant country on a best effort basis.

**Q.37 Number of counterparties OR transactions (data type: integer, in units)**

For derivatives (F.31-33) and secondary market instruments (F.34), total number of counterparties. For primary markets (F.35), total number of underwritten transactions.

**Wholesale Funding (Q.41-47)**

**Q.41 National market share (data type: percentage)**

Estimate of the market share of the institution or group for the economic function in the respective country. It can be calculated as: gross carrying amount (Q.43) divided by the sum of gross carrying amount of all institutions providing services in the country.

**Q.42 Optional – EU or global market share (data type: percentage)**

Only report, in addition to national market share, if you believe the relevant market for the wholesale funding function is global or within the EU.

Please report a best estimate of the EU or global market share. It can be calculated as: gross carrying amount in the EU or worldwide (Q.43) divided by the sum of gross carrying amounts of all institutions in the EU or worldwide.

**Q.43 Gross carrying amount (data type: monetary, in '000 EUR)**

The gross carrying amount shall mean the carrying amount excluding 'accumulated impairment'. In the case of MS CFTs: only report gross carrying amount related to relevant country.

References: FINREP: Annex V Part 2. Chapter 19, paragraph 19.2, FINREP: Annex III, Tables:

- **Borrowing** (F.41): Table 20.06 column 010 rows 100+110, all countries.
- **Derivatives (assets)** (F.42): Table 20.04 column 010 rows 020+030, all countries.
- **Lending** (F.43): Table 20.04, column 010 rows 170+180, all countries.
- **Derivatives (liabilities)** (F.44): Table 20.06, column 010, rows 020+030, all countries.



**Q.44 Number of counterparties (data type: integer, in units)**

Total number of counterparties. If one counterparty has more than one account and/or more than one transaction, the counterparty shall be counted only once.

**Q.45 (Reverse) repurchase agreements (data type: monetary, in '000 EUR)**

Report repurchase agreements under wholesale borrowing (F.41). Repurchase agreements mean cash received in exchange for securities sold at a given price under a firm commitment to repurchase the same (or similar) securities at a fixed price on a specified future date. Report reverse repurchase loans under wholesale lending (F.43). Reverse repurchase loans mean finance granted in exchange for securities bought under repurchase agreements or borrowed under securities lending agreements.

References: Regulation (2015/2365) on transparency of securities financing transactions and of reuse Art. 3(9); FINREP: Annex V. Part 2. Chapter 5, paragraph 85(e) and chapter 14, paragraph 183 ; FINREP Annex III:

- Repurchase agreements: Table 08.01 columns 010+020+030 rows 200+250.
- Reverse repurchase agreements: Table 05.00 columns 030+040 row 050.

**Q. 46 Cross-border value (data type: monetary, in '000 EUR)**

Add the gross carrying amounts of all countries, except for the home or relevant country.

References: FINREP: Annex III:

- **Borrowing** (F.41): Table 20.06, column 010, rows 100+110, all countries except home country.
- **Derivatives (assets)** (F.42): Table 20.04, column 010, row 010, all countries except home country.
- **Lending** (F.43): Table 20.04, column 010, rows 170+180, all countries except home country.
- **Derivatives (liabilities)** (F.44): Table 20.06, column 010, row 010, all countries except home country.

**Q.47 Value at credit institutions (data type: monetary, in '000 EUR)**

Gross carrying amount outstanding at credit institutions. Sector definition according to FINREP (Annex V). In the case of MS CFTs: only report value at credit institutions in the relevant country.

References: FINREP: Annex III:

- **Borrowing** (F.41): Table 20.06, column 010, row 100, all countries.
- **Derivatives (assets)** (F.42): Table 20.04, column 010, row 020, all countries.
- **Lending** (F.43): Table 20.04, column 010, row 170, all countries.
- **Derivatives liabilities** (F.44): Table 20.06, column 010, row 020, all countries.



## [2.4 Guidance on impact and supply-side analyses \(part 3 of the template\)](#)

### [2.4.1 Impact analysis: general guidance](#)

The assessment criteria for the impact on third parties shall include the following elements according to Commission Delegated Regulation (EU) 2016/778 on critical functions:

- **the nature and reach of the activity**, the global, national or regional reach, volume and number of transactions; the number of customers and counterparties; the number of customers for which the institution is the only or principal banking partner.
- **the relevance of the institution**, on a local, regional, national or European level, as appropriate for the market concerned. The relevance of the institution may be assessed on the basis of the market share, the interconnectedness, the complexity and cross border activities.
- **the nature of the customers and stakeholders affected by the function**, such as but not limited to retail customers, corporate customers, interbank customers, central clearing houses and public entities.
- **the potential disruption of the function on markets, infrastructures, customers and public services**. In particular, the assessment may include the effect on the liquidity of markets concerned, the impact and extent of disruption to customer business, and short-term liquidity needs; the perceptibility to counterparties, customers and the public; the capacity and speed of customer reaction; the relevance to the functioning of other markets; the effect on the liquidity, operations, structure of another market; the effect on other counterparties related to the main customers and the interrelation of the function with other services.

#### **The following questions could be considered:**

- What is the nature and extent of this activity?
  - Products, services, role (for example, in payment and settlement systems)?
  - Global, national, regional?
- What is the nature of the customers and stakeholders?
  - Corporate, interbank, retail, non-bank financial services?
  - Other sectors of the real economy (e.g., housing)?
- What impact would the disruption of the function have on markets and infrastructure?
  - Impact on other financial services firms and markets?
  - Speed at which disruption would cause that impact?
- What impact would disruption of service have on customers (i.e., how critical is the provision of this service to its end users)?
  - How critical is the function's regular provision to the health of the customer base?
  - Will customers be able to recognise a firm's distress and react?
  - What elements of the customers' operations are affected? Is the disruption likely to be across-the-board or affect only specific parts of a business?
- Are there knock-on effects of this disruption?



- What impact would the disruption have on market participants other than customers, such as service providers, market utilities and public services?
  - Is this market crucial to the functioning of any other market(s)?
  - Is the product always bundled with or tied to any other products?

#### 2.4.2 [Impact analysis: indicators included in the template](#)

Institutions are requested to **assess the impact** of the discontinuation of a function **with four indicators**: two size indicators, one cross-border indicator, and one market share indicator. The importance of each sub-function should be assessed with regard to these indicators, using both the requested data in the data input sheet (see previous chapter) as well as expert judgment based on market knowledge.

References: ECB database on Balance Sheet Items Statistics (BSI), ECB consolidated banking statistics (CDB) for deposits, lending, capital markets, Wholesale funding) and ECB Payments and Settlement Systems Statistics (payments/cash), ECB Banking structural statistical indicators, Eurostat/ AMECO European Commission (population, SMEs, number of households), and Bank for international Settlements (OTC and exchange-traded derivatives). The table below provides some possible market references for practical purposes. However, note that these references may not be valid across countries for the purposes of critical functions assessments, due to the definition of statistics used by the ECB. Institutions may discuss this with resolution authorities

Sub-functions	Proposed data series code	Complementary information
Deposits total	(BSI.M.DE.N.A.L20.A.1.U6.1000.Z01.E + BSI.M.DE.N.A.L20.A.1.U6.2000.Z01.E)	
Deposits households	BSI.M.DE.N.A.L20.A.1.U6.2250.Z01.E	
Deposits non-financial corp.	BSI.M.DE.N.A.L20.A.1.U6.2240.Z01.E	
Deposits General Governments	(BSI.M.DE.N.A.L20.A.1.U2.2110.Z01.E + BSI.M.DE.N.A.L20.A.1.U2.2120.Z01.E)	BSI only available for Euro Area counterparties
Loans and Advances total	(BSI.M.DE.N.A.A20.A.1.U6.1000.Z01.E + BSI.M.DE.N.A.A20.A.1.U6.2000.Z01.E)	
Loans and Advances households	BSI.M.DE.N.A.A20.A.1.U6.2250.Z01.E	
Loans and Advances for house purpose	BSI.M.DE.N.A.A22.A.1.U6.2250.Z01.E	CBD only available for all counterparty areas
Loans and Advances non-financial corp.	BSI.M.DE.N.A.A20.A.1.U6.2240.Z01.E	
Loans and Advances small non-fin. Corp.	n.a.	not available
Loans and Advances medium non-fin. Corp	n.a.	not available



Loans and Advances SMEs	n.a.		not available
Loans and Advances large non-fin. Corp	n.a.		not available
Loans and Advances governments	BSI.M.DE.N.A.A20.A.1.U6.2100.Z01.E		CBD only available for all counterparty areas
Derivatives assets held for trading	(BSI.Q.DE.N.A.A74.X.1.U2.1000.Z01.E BSI.Q.DE.N.A.A74.X.1.U2.2000.Z01.E)	+	BSI for Euro, CBD only available for all counterparty areas
Derivatives liabilities held for trading	(BSI.Q.DE.N.A.L74.X.1.U2.1000.Z01.E BSI.Q.DE.N.A.L74.X.1.U2.2000.Z01.E)	+	BSI for Euro, CBD only available for all counterparty areas
Equity instruments (not limited to hft)	BSI.M.DE.N.A.A5A.A.1.U6.0000.Z01.E		CBD only available for all counterparty areas
Debt securities (not limited to hft)	(BSI.M.DE.N.A.A30.A.1.U6.1000.Z01.E BSI.M.DE.N.A.A30.A.1.U6.2000.Z01.E)	+	
Deposits deposit-taking corp	BSI.M.DE.N.A.L20.A.1.U6.1210.Z01.E		
Deposits other financial corp	(BSI.M.DE.N.A.L20.A.1.U2.2210.Z01.E BSI.M.DE.N.A.L20.A.1.U2.2220.Z01.E)	+	
Loans and Advances deposit-taking corp	BSI.M.DE.N.A.A20.A.1.U6.1210.Z01.E		CBD only available for all counterparty areas
Loans and Advances other financial corp	(BSI.M.DE.N.A.A20.A.1.U6.2200.Z01.E BSI.M.DE.N.A.A20.A.1.U6.2240.Z01.E BSI.M.DE.N.A.A20.A.1.U6.2250.Z01.E)	- -	
Payments non-MFI numbers	PSS.A.AT.F000.I00.Z00Z.NT.X0.20.Z0Z.Z		PSS
Payments non-MFI values	PSS.A.AT.F000.I00.Z00Z.VT.X0.20.Z01.E		PSS
ATMs* numbers	PSS.A.AT.S102.I00.I100.NT.X0.20.Z0Z.Z		PSS

Below follows a description of each indicator for each function.

### Size indicators

Please assess how important the bank is in these activities, using the drop-down list. This assessment should be expressed qualitatively as 'High (H), Medium-High (MH), Medium-Low (ML) or Low (L)'. You should select 'H' if the size of the function is large, 'MH' if it is medium, 'ML' if the small, and 'L' if it is negligible. You may use macro-economic variables such as GDP, population (for Deposits, Lending, Payments, Cash, Settlement, Clearing and Custody Services), or market size (for Capital Markets and Wholesale Funding) as a benchmark for this qualitative assessment. For each sub-function, please base yourself on the following aspects:

#### I.1 & I.2 Size indicators Deposits

- **Size 1 (I.1):** expert judgement of the size of the **value** on accounts (Q.3) from an **EU** perspective:



- From an EU perspective, how large do you believe the total value on accounts with your institution is?
- **Size 2 (I.2):** expert judgement of the size of **number** of clients (Q.4) from a **national** perspective:
  - From a national perspective, how large do you believe the total number of clients of your institution is?

#### *I.11 & I.12 Size indicators Lending*

- **Size 1 (I.11):** expert judgement of the size of the **value** of loans outstanding and committed (Q.13+Q.14) from an **EU** perspective. In the assessment of this size indicator, please also take into account the potential future lending flows. You may use the existing lending stock as a proxy for future lending flows, if you consider that past activity accurately reflects planned lending activity in the short to medium term.
  - From an EU perspective, how large do you believe the value of loans outstanding and committed, as a proxy for future lending flows, is?
- **Size 2 (I.12):** expert judgement of the size of **number** of clients (Q.15) from a **national** perspective:
  - From a national perspective, how large do you believe the total number of clients of your institution is?

#### *I.21 & I.22 Size indicators Payments, Cash, Clearing, Settlement, Custody*

- **Size 1 (I.21):** expert judgement of the size of the **value** of transactions (Q.22 for functions F.21-24); open positions (Q.23 for F.25); or total assets under custody (Q.24 for F.26) from an **EU** perspective:
  - From an EU perspective, how large do you believe the value of transactions processed by your bank *or* the open positions of your bank's clients at CCPs, *or* total assets your institution is holding under custody for its clients are?
- **Size 2 (I.22):** expert judgement of the size of the **number** of transactions (Q.26 for functions F.21-24); or number of clients (Q.27 for F.25-26) from a **national** perspective:
  - From a national perspective, how large do you believe the total number of transactions *or* the number of clients of your institution are?

#### *I.31 & I.32 Size indicators Capital markets*

- **Size 1 (I.31):** expert judgement of the size of the **value** of the notional amount outstanding (Q.33 for functions F.31-33); carrying amount (Q.34 for F.34); or fee income generated (Q.35 for F.35) from a **global** perspective:
  - From a global perspective, how large do you believe the total notional amount outstanding or carrying amount or fee income generated are?
- **Size 2 (I.32):** expert judgement of the size of the number of counterparties (for F.31-34) or **number** of underwritten transactions (for F.35) from a **national** perspective:
  - From a national perspective, how large do you believe the number of counterparties *or* underwritten transactions by your institution are?

#### *I.41 & I.42 Size indicators Wholesale funding*

- **Size 1 (I.41):** expert judgement of the size of the **value** of the gross carrying amount of reporting institution (Q.43) from a **global** perspective:



- From a global perspective, how large do you believe the gross carrying amount of the reporting entity is?
- **Size 2 (I.42):** expert judgement of the size of the **number** of counterparties or transactions (Q.44) from a **national** perspective
  - From a national perspective, how large do you believe the number of counterparties of your institutions is?

### Cross-border indicator

Please assess the relative importance of cross-border activities for the different economic functions. Please select one of the options from the drop-down list.

#### *I.3 Cross-border indicator Deposits*

Number of EU countries where it is estimated that the reporting entity has a national market share above 2%. This has to be reported in buckets, as indicated in the template: L: ≤1 country; ML: [2-3 countries]; MH: [4-5 countries], H: >5 countries.

#### *I.13 Cross-border indicator Lending*

Number of EU countries where the reporting entity has a market share above 2% (expressed in value of outstanding loans). This has to be reported in buckets, as indicated in the template: L: ≤1 country; ML: [2-3 countries]; MH: [4-5 countries], H: >5 countries.

#### *I.23 Cross-border indicator Payments, Cash, Clearing, Settlement, Custody*

Number of EU countries where the reporting entity has a market share above 2% (expressed in value of payment, securities or cash transactions, *or* open client positions at CCPs, *or* total assets under custody). This has to be reported in buckets, as indicated in the template: L: ≤1 country; ML: [2-3 countries]; MH: [4-5 countries], H: >5 countries.

#### *I.33 Cross-border indicator Capital markets*

Share of the reporting entity's cross-jurisdictional activity as percentage of total value, expressed in notional amounts (derivatives), carrying amount (secondary markets), fee income from foreign customers (primary markets). Please report in buckets, as indicated in the template: L: <5%; ML: [5-15%]; [MH: 15-25%], H: ≥25%.

#### *I.43 Cross-border indicator Wholesale Funding*

Share of the reporting entity's cross-jurisdictional activity as percentage of total value, expressed in gross carrying amount. Please report in buckets, as indicated in the template: L: <5%; ML: [5-15%]; [MH: 15-25%], H: ≥25%.

### Market share indicator

Please assess how important you consider the reporting entity's market share, compared to the national market, as indicated in the template. This assessment should be expressed qualitatively as 'High (H), Medium-High (MH), Medium-Low (ML) or Low (L)'. You should select 'H' if the market share is large, 'MH' if the market share is medium, 'ML' if the market share is small, and 'L' if the market share is negligible. This assessment should take into account the market structure of the reporting entity's country, and market shares reported in the data input cells (part 2):



#### *I.4 Market share indicator Deposits*

Expert judgement of the size of the **national** market share reported in Q.1.

#### *I.14 Market share indicator Lending*

Expert judgement of the size of the **national** market share reported in Q.11.

#### *I.24 Market share indicator Payments, Cash, Clearing, Settlement, Custody*

Expert judgement of the size of the **national** market share reported in Q.21.

#### *I.34 Market share indicator Capital Markets*

Expert judgement of the size of the **national** market share reported in Q.31.

#### *I.44 Market share indicator Wholesale Funding*

Expert judgement of the size of the **national** market share reported in Q.41.

### 2.4.3 Supply-side analysis: general guidance

According to the Commission Delegated Regulation (EU) 2016/778 on critical functions, a function that is essential to the real economy and financial markets shall be considered substitutable where it can be replaced in an acceptable manner and within a reasonable timeframe thereby avoiding systemic problems for the real economy and the financial markets. When assessing the substitutability of a function the following criteria shall be taken into account:

- **the structure of the market** for that function and the availability of substitute providers;
- **the ability of other providers** in terms of capacity, the requirements for performing the function, and potential barriers to entry or expansion;
- **the incentive of other providers** to take on these activities;
- **the time required** by users of the service to move to the new service provider and costs of that move, the time required for other competitors to take over the functions and whether that time is sufficient to prevent significant disruption depending on the type of service.

#### **The following questions are relevant to this analysis.**

##### *Concentration:*

- How concentrated is the market and what are the related trends?
  - If highly concentrated, how many players are involved? What are the market shares of the other major firms? Is the market dominated by a particular institution type or entities from a specific jurisdiction or region?
  - Is there a particular reason for the current level of concentration?
- How similar are the institutions that dominate market share? If one typical player were under stress, would others also be likely to be under stress?
- To what extent do individual firms with dominant market shares in the market in question also have dominant market shares in other critical markets?
- Would the failure of a large player in this market have an impact on the ability of the market or related infrastructure to function?
- How small a market share would a player need to have to fail without significantly disrupting the activity?



*Substitutability:*

- Are clear substitutes available?
  - Would one single provider be sufficient to take over all activities or clients? In that case, what would be the resulting market concentration?
  - Would other providers wish to take over these activities?
- Are there other products and markets that are broadly equivalent to the activities of a failing firm?
- What are the necessary factors for performing this activity?
  - How extensive are the organisational arrangements or infrastructure needed to provide this service?
  - Does this activity have significant barriers to entry?
  - To what extent do brand, positioning or reputation matter?
- Are there reasons why existing dominant players would find this business attractive while others would not (e.g., economies of scale that relate to the product in question)?
  - How do firms compete for this activity?
  - Is there evidence that this market is highly substitutable?
  - How frequently do the main players in this market turnover?
  - How many new players are involved in this turnover?

**2.4.4 Supply-side analysis: indicators included in the template**

**Reporting institutions are requested to assess the substitutability of the functions based on five key indicators:** market share, number of competitors that could substitute the function, expected time for substitution, legal barriers for competitors to offer the service/ enter the market, and operational requirements for competitors to offer the service/ enter the market. You are requested to assess these five indicators, mainly based on expert judgement. Below follows a description of each indicator for each economic function.

**Market share indicator (S.1, S.11, S.21, S.31 and S.41)**

Cells S.1, S.11, S.21, S.31 and S.41 will be filled automatically, based on the selected bucket in the market share indicator of the impact analysis. Therefore, reporting institutions do not have to fill these cells, but only need to take into account the automatically filled market share indicator in the overall supply-side assessment in part 4 of the template.

**Market concentration indicator (S.2, S.12, S.22, S.32 and S.42)**

The market concentration, measured by the number of competitors currently performing similar economic functions and/or offering similar services on equal terms (i.e. to a comparable extent and quality and at a comparable cost) that could potentially take over (part of) the clients and/or business of the reporting entity within a reasonable timeframe. This has to be reported in buckets, which are the same for each sub-function L:  $\geq 20$ ; ML: [10-20); MH: [5-10), H:  $< 5$ .



### Expected time for substitution indicator (S.3, S.13, S.23, S.33, and S.43)

Please estimate the time necessary for the economic function provided by the reporting entity to be absorbed by the market in a crisis situation. This includes:

- the expected time needed by one or several competitor(s) to accomplish the legal and technical steps to take over the function; as well as
- the time required by users of the service to move to another service provider.

For lending, for example, this should not refer to a run-off of the outstanding portfolio or the transfer of that portfolio to a prospective buyer, but rather to the ability of households, corporates and governments to obtain similar loans from other providers. For deposits, it mainly concerns the financial, operational and technical capacity of alternative providers to offer deposit-taking services to the reporting bank's customers and not the transfer of the deposits to another provider as the consequence of an act by an authority or the receipt of compensation from the DGS.

As a proxy for the former, you may provide an estimate of the time it would take you to absorb in your own business (part of) the service provided by another institution, at a reasonable cost, in a crisis situation. Please report the estimated time to substitution in the buckets provided in the template:

#### *Deposits (S.3)*

Buckets: L: < 1 week; ML: [1 week-1 month]; MH: [1-6 months], H: >6 months

#### *Lending (S.13)*

Buckets: L: < 1 week; ML: [1 week-1 month]; MH: [1-6 months], H: >6 months

#### *Payments, Cash, Clearing, Settlement, Custody (S.23)*

Buckets: L: ≤ 1 day; ML: (1-2 days); MH: (2 days-1 week], H: >1 week

#### *Capital markets (S.33)*

Buckets: L: < 1 week; ML: [1 week-1 month]; MH: [1-6 months], H: >6 months

#### *Wholesale funding (S.43)*

Buckets: L: ≤ 1 day; ML: (1 day-1 week]; MH: [1 week- 1month], H: >1 month

### Indicator for legal barriers to entry or expansion (S.4, S.14, S.24, S.34 and S.44)

Legal barriers for competitors to offer the service. Legal requirements for performing the business of credit institutions (e.g. banking licences or capital requirements) should not be considered as unsurmountable barriers in the presence of alternative providers. This indicator has to be reported in buckets, which are the same for each sub-function: L: no major barriers, ML: some barriers, MH: substantial (but surmountable) barriers, H: critical (difficult to surmount) barriers. **If you report MH or H, please provide a list of the main barriers in the comment cells.**

### Operational requirements to entry or expansion (S.5, S.15, S.25, S.35 and S.45)

Organisational, technical, and infrastructural requirements for competitors to offer the service. Offering the services related to the (sub-)function requires providers to invest in (new or additional) infrastructure -or to modify their organizations. Please also assess the ability of the market to absorb the given business, in terms for example of capital



requirements. For lending, take into account the associated RWAs (reported in Q.17). This indicator has to be reported in buckets, which are the same for each sub-function: L: no major requirements, ML: some requirements, MH: substantial (but surmountable) requirements, H: critical (difficult to surmount) requirements. **If you report MH or H, please provide a list of the main requirements in the comment cells.**



## 2.5 Guidance criticality assessment (part 4 of the template)

### **Impact Assessment (C.1, C.11, C.21, C.31, C.41)**

Estimated impact of a sudden discontinuation of the function on third parties, financial markets and the real economy, taking into account the size, market share in the country, external and internal interconnectedness, complexity, and cross-border activities of the institution. Please provide an overall assessment of the expected impact of the discontinuation of each function at the national level or higher, taking into account the different indicators assessed previously (size, cross-border and market share). Please report the conclusion on the overall impact assessment in buckets, as indicated in the template. This assessment should be expressed qualitatively as 'High (H), Medium-High (MH), Medium-Low (ML) or Low (L)'. You should select 'H' if the discontinuation has a major impact on the national market; 'MH' if the impact is significant; 'ML' if the impact is material, but limited; and 'L' if the impact is low.

Please note that the cross-border dimension of the Capital Markets and Wholesale Funding functions is reflected by *combining* the size indicators and the cross-border indicator (i.e. if the institution is a big player, and if it is relatively active across borders, then its cross-border dimension may be an important contributor to the impact).

For Lending, the criticality of the Lending function is mostly related to future flows. In the data request, stocks are used as a proxy for flows. However, if your activities have changed and if stocks do not reflect flows accurately, please take this into account in your assessment of impact. The impact assessment should provide your view on how discontinuing the provision of loans to households, corporates and governments would impact these stakeholders and the national economy.

### **Optional Impact Assessment at regional, EU or global level (C.2, C.12, C.32, C.42)**

An optional impact assessment level is included for all functions. Please only fill this column if you believe the relevant market for the function provided by your institution is regional or European (EU) (Deposits, Lending, Payments, Cash, Settlement, Clearing, Custody services); or European (EU) or global (Capital Markets, Wholesale Funding).

### **Supply-side Analysis (C.3, C.13, C.23, C.33, C.43)**

A function is considered substitutable where it can be replaced in an acceptable manner and within a reasonable timeframe thereby avoiding systemic problems for the real economy and the financial markets. The following should be taken into account:

- (a) The structure of the market for that function and the availability of substitute providers;
- (b) The ability of other providers in terms of capacity, the requirements for providing that function, and potential barriers to entry or expansion;
- (c) The incentive of other providers to take on these activities;
- (d) The time required by users of the service to move to the new service provider and costs of that move, the time required for other competitors to take over the



functions and whether that time is sufficient to prevent significant disruption depending on the type of service.

Please provide an overall assessment of the expected degree of substitutability for each function, taking into account the different dimensions assessed previously (market share, market concentration, time to substitution, legal barriers, and operational requirements to entry or expansion). Please report in buckets, as indicated in the template. This assessment should be expressed qualitatively as 'High (H), Medium-High (MH), Medium-Low (ML) or Low (L)'. You should select 'H' if a function can easily be provided by another bank under comparable conditions within a reasonable timeframe, 'L' if a function cannot be easily or rapidly substituted, 'MH' and 'ML' for intermediate cases taking into account different dimensions (e.g. market share, market concentration, time to substitution, legal barriers, operational requirements to entry or expansion). **Please note that the scale used to be an inverted scale in preceding data collections; this has been modified to align with the instructions to Z.07.01.**

#### **Criticality (C.4, C.14, C.24, C.34, C.44)**

Please assess for each economic sub-function whether you consider it to be critical or not for the markets that you are serving. This assessment is the result of the combination of both the impact assessment (C.1, C.2, C.11, C.12, C.21, C.31, C.32, C.41, C.42) and the supply-side analysis (C.3, C.13, C.23, C.33, C.43). Please note that in order for an economic function to be considered critical, its discontinuation needs to have an impact on the national level, either directly (when the relevant market is national) or because of the resulting contagion effect from the regional to the national level, when the relevant market is exceptionally considered to be regional (for deposits or lending). The higher the impact, the most likely the function is to be critical. Similarly, the more difficult it would be to find another, comparable supplier, the more a function can be expected to be critical.



## Annex 1

### References

- EBA, [Technical advice on the delegated acts on critical functions and core business lines](#) (EBA 2015), EBA/Op/2015/05, 06/03/2015
- EBA, [Draft Implementing technical standards on the provision of information for the purpose of resolution plans under Article 11\(3\) of Directive 2014/59/EU](#), EBA/ITS/2018/02, 17 April 2018.
- [ECB, Regulation \(EU\) 1071/2013 concerning the balance sheet of monetary financial institutions sector](#) (BSI Regulation), ECB/2013/33, 24/10/2012
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- EU, [Regulation \(EU\) 806/2014 of the European Parliament and of the Council on establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund](#) (Single Resolution Mechanism Regulation), 15/07/2014
- EU, [Commission Delegated Regulation \(EU\) 2016/778 supplementing Directive 2014/59/EU on the criteria for the determination of the activities, services and operations with regard to critical functions, and for the determination of the business lines and associated services with regard to core business lines](#), 02/02/2016



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- International Accounting Standard (IAS) 17.



## Annex 2

### List of abbreviations

AIFMD	Alternative Investment Fund Managers Directive 2011/61/EU
ATM	Automated Teller Machine
BRRD	Bank Recovery and Resolution Directive 2014/59/EU
COREP	Common Reporting framework
CRR	Capital Requirements Regulation 575/2013
CCP	Central Counterparty
DGS	Deposit Guarantee Scheme
EBA	European Banking Authority
ECB	European Central Bank
EMIR	European Market Infrastructure Regulation
EU	European Union
FINREP	Framework for consolidated Financial Reporting
FMI	Financial Market Infrastructures
FSB	Financial Stability Board
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
ISIN	International Securities Identification Number
ISO	International Organization for Standardization
LEI	ISO 17442 Legal Entity Identifier (20 alphanumerical character code)
MFI	Monetary Financial Institutions
MFI ID	Monetary Financial Institutions Unique Identifier
NRA	National Resolution Authority
OTC	Over-the-Counter
SME	Small and Medium-sized Enterprise
SRB	Single Resolution Board
SRMR	Single Resolution Mechanism Regulation
Q&A	Questions and Answers



## Annex 3

### FAQs based on pilot exercise

Disclaimer: as from the 2019 data collection exercise, the instructions provided by the relevant Regulation, as well as the Q&As treated by the EBA prevail over the following answers, as appropriate.

N°	Subject	Function	Sub-function	Question	Answer
1	Internal definitions	General	Not applicable	The internal categorisation of economic (sub)functions differs from the (sub)functions within the SRB template. Is it possible to enlarge the template with internally used (sub)functions?	If possible, map internal definitions to those in the template and provide the mapping details in the comment column. If not possible, please report internally used functions in the specified cells labelled "Optional: Additional function". Please provide the definition of the additional function in the comment column.
2	Impact & supply-side	General	Not applicable	If I am missing indicators which I consider to be relevant, shall these be disregarded?	No, please include them into your assessment and explain in the comments column at the very right hand side of the template.
3	Third parties	General	Not applicable	Does third party mean an entity not being part of the sub-consolidated group or not part of the entire group at all?	An entity providing a function to a third party means to someone outside the group, irrespective of sub-consolidation level.
4	Cross-border indicator	General	Not applicable	Is this indicator to be filled from a group perspective?	This indicator is to be filled on the level of consolidation as reported under G.5.
5	SME definition	Deposits and lending	Non-financial corporations - SMEs	The institution-specific SME definition differs from the SME definition used within the template. Is it acceptable to use the institution-specific SME definition?	Please report as defined in the guidance, i.e. Small Medium Enterprises (SMEs) which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million. If not possible, please report the data available according to the internal definitions and provide the information in the comment cell".
6	DGS	Deposits	All	How shall DGS coverage (and the amount of DGS funds in comparison to the amount of covered deposits the reporting institution has) be taken into account in the impact assessment?	Please disregard the impact of DGS coverage in your impact assessment.
7	Maturity	Deposits	All	Where shall deposits with agreed maturity be reported?	They shall be aggregated with all deposits. However, if considered as a separate function, you can report the additional function in the row "Optional: additional function". Please explain in the comment column



N°	Subject	Function	Sub-function	Question	Answer
					why the function was added. The total for deposits should nevertheless contain the total amount of deposits, irrespective of their type.
8	Cash advances at POS terminals	Payment Cash Settlement Clearing Custody	Cash services	Are cash advances at POS terminals using a card included in cash services?	Only if they are unconnected to a payment transaction.
9	Sent payment transactions	Payment Cash Settlement Clearing Custody	Payment services to non-MFIs	How should sent payment transactions be counted?	Credit transfers are counted on the payer's side; direct debits are counted on the payee's side; cheques are counted on the payee's side; card transactions are counted on the payer's, i.e. the issuing side; e-money payment transactions are counted on either the payer's or the payee's side, depending on the initiation channel. Concerning payment systems, the definition refers to a transaction sent by the reporting entity for processing by the payment system.
10	On-us payment transactions	Payment Cash Settlement Clearing Custody	Payment services to non-MFIs	Should 'on-us' payment transactions be included?	Yes, payment transactions sent include transactions which take place between two accounts held at the same legal entity with the transaction being settled either on the accounts of the legal entity itself, or with the use of an intermediary, i.e. another legal entity or a payment system.
11	Payment transactions	Payment Cash Settlement Clearing Custody	Payment services to non-MFIs	What types of transactions are included in payment transactions?	They include credit transfers, direct debits, card payments with cards issued by the reporting entity (except cards with an e-money function only), e-money payment transactions, cheques.
12	Own debt issuance	Capital Markets	Primary Markets / underwriting	Should we indicate the entity's own debt issuances in this cell?	No, but fee income arising from any support you may be providing to clients in respect of securities issuance (as part of any investment banking activities you may have).
13	intragroup derivatives	Capital Markets	Derivatives held- for- trading - OTC	Should intragroup derivatives be included in the figures provided?	Intragroup derivatives should be excluded from figures provided. Provision of derivatives intragroup should be assimilated to critical shared services rather than critical functions. Furthermore, in the guidance it is specified that only derivatives held-for-trading and not derivatives for internal purposes, such as hedge accounting, are requested.
14	aggregation	Capital Markets	Derivatives held- for- trading - OTC	Why did you define the sub-function "derivatives" on a rather aggregated level?	Depending on the type of the underlying, derivative instruments cover a wide range of products. In order to provide guidance for reporting entities, pre-defined products were included in the template (categories



N°	Subject	Function	Sub-function	Question	Answer
					adopted from regulatory reporting). These can be filled on a voluntary basis.
15	type of derivatives	Capital Markets	Derivatives (general)	Which derivatives have to be reported within the capital market section?	While being aware that financial institutions hold derivative instruments for several reasons, the reporting scope is limited to trading derivatives (according to FINREP).
16	internal treasury	Wholesale Funding	Other	Should the internal treasury service be reported here?	The definition only considers 'lending and borrowing in wholesale markets to and from financial counterparties'. It does not include intra-group flows. The internal treasury services should therefore be considered as a critical shared service, which are not covered by this template.
17	repos	Wholesale Funding	Borrowing	Are repos reported under the 'deposit' or 'wholesale funding' section?	Following the FSB guidance (2013), repos are to be reported under the Wholesale Funding sub-function.
18	central bank	Wholesale Funding	Borrowing	Explain how borrowing from a central bank could be an "activity, service or operation provided to third parties".	Wholesale activities refer to lending and borrowing in wholesale markets to and from financial counterparties (credit institutions and other financial corporations). It does not include intra-group flows, corporates (like in some regulatory reporting requirements) or central banks.
19	Wholesale funding as critical function	Wholesale Funding	Borrowing	Explain the concept of wholesale borrowing being an economic function that is offered to third parties. Isn't it more like a funding source?	The reason for considering wholesale functions to be critical is the potential for contagion across the financial system. Disruption of certain wholesale markets may expose counterparties to significant liquidity and solvency strains. Wholesale activities are deemed to be critical if liquidity and funding strains occur for the borrower before alternative sources of credit can be found.



## Annex 4

### FAQs based on 2017 and 2018 Critical Functions Reports

Disclaimer: as from the 2019 data collection exercise, the instructions provided by the relevant Regulation, as well as the Q&As treated by the EBA prevail over the following answers, as appropriate.

N°	Subject	Function(s)	Sub-function(s)	Question	Answer
1	Time for substitution	All	All	How should we assess the time for the substitution, is it: (i) the time until the client can find the alternative service provider in the market, or ii) the time for taking over the entire portfolio?	The view to be taken is that of a failing institution. This means all clients need to either (i) find an alternative provider themselves or (ii) obtain similar services following a transfer of the portfolio, whichever is quicker. In both cases, the number of alternative providers, their ability to take over the clients, and information on whether some clients already use alternative providers need to be taken into account (see guidance 2.4.4). For deposits, it mainly concerns the financial, operational and technical capacity of alternative providers to offer deposit-taking services to the reporting bank's customers and not the transfer of the deposits to another provider as the consequence of an act by an authority or the receipt of compensation from the DGS. For lending, this should not refer to a run-off of the outstanding portfolio, but rather to the ability of households, corporates and governments to obtain similar loans from other providers.
2	EBA Template versus SRB Template	All	All	Please confirm if only the critical functions identified in the SRB CFT should be reported in resolution reporting template Z.07.02 FUNC2?	Yes, only the identified critical functions in the SRB Template need to be reported as critical functions in Z.07.02 FUNC2 (and be mapped to legal entities and core business lines).
3	Impact analysis	All	All	What is meant by the term "expert judgment" on the impact analysis columns?	As described in the guidance (section 2.4.2), reporting entities should assess if they have a large/medium-large/medium-small/ small position in the market. By "expert judgment" we mean the reporting institution's own informed opinion, based on its knowledge of the market.
4	Other functions not listed in template	All	All	How should we treat functions not covered by the template or which cannot be mapped to one of the functions of the template?	All additional functions should be reported in the designated 'additional functions' cells. Functions that are not banking functions (e.g. postal services, insurance) should not be considered in this report.

## Guidance on the Critical Function Report



N°	Subject	Function(s)	Sub-function(s)	Question	Answer
5	Recovery versus resolution planning	All	All	Can this assessment be used for both recovery and resolution purposes? Has the ECB agreed to this assessment methodology for recovery planning purposes?	The need to ensure an alignment of the identification of critical functions in recovery and resolution plans is recognised by both the SRM and the SSM. In order to avoid double work and also to ensure consistency, institutions using the critical functions template for resolution planning purposes should also use it for recovery planning purposes, taking into account comments received from resolution authorities, if available
6	Calculating market shares	All	All	While institutions could calculate the [numerator] (own financials), they do not have visibility on competitors' notionals/outstanding amounts for certain products in a particular market [denominator]. If the bank does not know the denominator, what should be reported?	We are aware of the fact that reporting entities do not have the competitors' exact notional / outstanding amounts. Therefore we ask for your best estimates, based on expert judgement or other data sources. Most of the data is available on the ECB website (balance sheet or consolidated banking statistics, see additions to the guidance note in the impact analysis section). You are not expected to report precise numbers, but only report the estimated ranges. Based on the data received and experience made over time we plan to improve the guidance for denominators.
7	Methodology	All	All	Where the country of origination is not the same as the country in which the amounts are booked, should the amounts be reported in the country in which the business is originated or where it is booked?	The amounts should be reported in the country in which the business is originated.
8	Methodology	All	All	References to the FSB sometime seem at odd with the FINREP definitions. What should prevail?	References to the FSB are given as background information related to the definition of economic functions. Other, more specific references, provided for the purpose of ensuring consistency in reporting should prevail (e.g. FINREP rows and columns).
9	Intragroup exposures	All	All	Do we need to include intragroup exposures?	No, critical functions are functions provided to <u>third parties</u> . All intragroup exposures therefore need to be excluded from the reported data.

## Guidance on the Critical Functions Report



N°	Subject	Function(s)	Sub-function(s)	Question	Answer
10	Entities not in scope of the BRRD	All	All	The custody function is located in a separate subsidiary of the banking group. This subsidiary is neither a credit institution nor an investment firm. Hence it is outside the scope of the BRRD in the same way an insurance subsidiary would be.	Entities that do not provide banking functions (e.g. insurance subsidiaries) and which do not fall under the BRRD and/or SRMR are out of scope. However, if a service is offered to clients by an entity in scope and then administered or booked in another entity, it should be reported by the entity offering the service.
11	Alignment with FINREP definitions	All	All	Definitions are not always available in FINREP: Additional breakdowns not corresponding to the standard FINREP categories, for example SME vs non-SME corporations.	Where possible, the guidance refers to FINREP definitions. Given that reporting needs for resolution and supervision are not fully in line, we also refer to functions that are not well defined in FINREP. For these functions, you should use data available in your own systems and provide the definition used in the comment cells. The definition of SMEs is available in FINREP (see guidance note)
12	Thresholds	All	All	Could you please provide more guidance on an appropriate materiality threshold for the assessment of a function?	There are no reporting thresholds. A function is applicable if you provide it to third parties. There are also no thresholds for criticality. Each institution will base its assessment on the impact and supply-side analyses. If the impact is considered to be low and substitutability high (i.e. if you report "L: substitutable"), the function should not be designated as critical and vice versa.
13	Reconciliation with FINREP	All	All	Please note that it is not possible to reconcile with FINREP as the requested info is at a solo level after intragroup transactions, while FINREP is either Solo or Group.	The references to FINREP aim at easing the exercise by providing definitions that reporting institutions are familiar with. SRB is aware of the fact that the resulting numbers will be different if intragroup transactions are excluded.
14	Unlock / amend template	All	All	How is it possible to unlock the template? When will the password be provided?	The template cannot be unlocked and no password will be provided to banks. For consistency reasons, banks should not amend the structure of the template.
15	Cross-border values	All	All	Could you clarify whether it is a cross-border transaction if the sender and the receiver are in the same country but a bank in a 3rd country is used in the transaction?	If both the original sender and the ultimate receiver are in the same country, then it should not be considered as a cross-border transaction, even if a bank in a third country was used.

## Guidance on the Critical Function Report



N°	Subject	Function(s)	Sub-function(s)	Question	Answer
16	More guidance for impact assessment	All	All	It is important to receive further guidance and statistics from the authorities. Furthermore, data should be comparable amongst institutions and therefore clear guidance and definitions on what is deemed 'large', 'medium', 'small' or 'negligible' is essential to be able to complete this section.	The SRB has included references to publicly available statistics in the Impact analysis section. When banks are filling the SRB template, they should also rely on their own judgement when completing the impact indicators. Resolution authorities will compare the data received and ensure consistency in final outcomes.
17	Cross-border data	All	All	Cross-border data are not easy to retrieve, as they are not part of the usual reporting. Also, notably within the Eurozone, but also within the European single market, one could question the relevance of such a distinction.	Cross-border means outside the home country. Data is often available in FINREP.
18	Critical functions versus critical services	All	All	Entities found some difficulty in distinguishing between critical functions and critical support services, when the entity deals mainly with intragroup.	The distinction is essential for resolution plans. This template only focuses on critical functions. Critical services are covered in a different resolution reporting template.
19	Impact (values) versus impact (market shares)	All	All	There appears to be some redundancy regarding the notion of impact in value and national market share (I12 & I14), which are almost inevitably aligned.	We recognise that these concepts are closely related. Size at the national level is meant to capture the importance of the bank in terms of number of clients, while market share reflects the importance of the bank in terms of values.
20	Importance on European / global scale	All	All	The mere notion of national market shares within Europe is questionable, in particular for services provided for corporates. In many instances data would be more significant at the level of the Eurozone.	In the impact assessment, banks should also assess their importance in the EU and for the supply-side analysis, the bank should not limit itself to the national market only (i.e. if relevant, it should also take into account international competitors as alternative providers when assessing market concentration and time to substitution)



N°	Subject	Function(s)	Sub-function(s)	Question	Answer
21	Certificate of deposits	Deposits	All	Should CDs be included in the "Deposits" economic function?	No, only report the aggregate of the following types of deposits (FINREP/INREP references included in the Guidance note): 1. current accounts/ overnight deposits; 2: deposits with agreed maturity, and 3: deposits redeemable at notice.
22	Cross-border concept for Deposits	Deposits	All	How should the cross-border concept be applied to deposits? As an illustration, should we consider deposits of US clients of a French bank as a cross-border deposit?	Yes, the objective is to capture the market where the service is offered. You should consider all the deposits of non-residents as cross-border exposures. Non-residency means that the client is not located in country of incorporation of the reporting entity.
23	Impact analysis	Deposits	All	Shall we look at the impact if the bank fails and clients lose their deposits? Or impact of losing the bank's capacity to take on deposits, i.e. clients need to find a new bank for their money?	You need to assess the impact of losing the bank's capacity to continue operating the business and serving the deposits.
24	Savings plan	Deposits	All	Shall savings plan deposits be reported as a separate sub-function?	No, please report them in Deposits (F1- F4, as appropriate).
25	Joint accounts	Deposits	All	What shall be the treatment for joint accounts?	Any account (recognised by an account number) should be considered as a single account, irrespectively of the number of persons with rights on that account. The number of clients can be reported separately.
26	Mortgage loans	Lending	Lending for housing purposes	Should mortgage loans be included as a separate function?	No, you should only report lending for house purchase (see guidance for a definition). If this data is not available, you can report mortgage loans <u>instead</u> . Please indicate in the comment cells when mortgage loans are provided instead of lending for house purchase.
27	Financial guarantees and other commitments given	Lending	All	Should financial guarantees and other commitments given be included in the "Lending" function?	Yes, nominal value of loans committed, including loan commitments, financial guarantees and other commitments given should be reported in the 'value committed' (Q.14).



N°	Subject	Function(s)	Sub-function(s)	Question	Answer
28	Off-balance sheet exposures	Lending	All	Do we need to report off-balance sheet exposures?	Yes, some off-balance sheet exposures are included in column Q14 'value committed' in the lending section, and Q45 (reverse) repurchase agreements in the Wholesale Funding section, as appropriate.
29	Leasing / Factoring / Trade Finance	Lending	Additional sub-function	Should we report these functions as a separate sub-function or can we merge it with other forms of lending?	Data for leasing and factoring should be reported under the pre-defined functions (Lending to non-financial corporates, SMEs and non-SMEs). The amount outstanding should already cover the factoring and leasing exposures. According to FINREP, trade finance activities should be reported under the value committed (other commitments given). If you would like to consider these services separately, you can report an additional function in the optional cells (drop-down lists have been included). In that case, <u>please do not report these activities twice</u> (aggregated with other lending and detailed).
32	Payer's bank versus payee's bank	PCCSC	Payments to MFIs	Should direct debits be reported by the payer's bank (that sends the money) or by the payee's bank (that initiates the transaction)?	Direct debits should be reported by the payer's bank. They are part of payments executed from the payer's account.
33	Chain transactions	PCCSC	Payments to non-MFIs	How to treat chains of transactions? For example, if a bank uses another bank to process a payment transaction initiated by one of its (retail) clients.	If a bank processes a payment order which is initiated by a client that is not an MFI, it should report it under F22 'Payment services to non-MFIs'. If it uses another bank to process the transaction and, for example, send it through an FMI, then the other bank, which offers intermediation services to the first bank, may report that same transaction (individually, or as part of a batch or otherwise) under F21 'Payment services to MFIs', as appropriate.
34	Transactions between clients	PCCSC	Payment services	Should transactions between clients of the same bank also be included?	Transactions between clients of the same bank should be included. From the point of view of the client using the service, whether the payment can be processed internally by the bank (because the payee is also a client of the same bank) or needs to be routed externally is not a concern.



N°	Subject	Function(s)	Sub-function(s)	Question	Answer
35	Scope of cash services	PCCSC	Cash services	What is the scope of this sub-function? Are only withdrawals from own ATMs in scope?	Yes, the scope of the sub-function relates to cash services provided by owned ATMs and branches. Please see section 2.2: Provision of cash services to clients (both individuals and corporates, only non-MFIs). These services refer to withdrawals at ATMs and at branches counters and do not include other cash services (like cash-in-transit services for mass retailers). Cash withdrawal with cheques and at branches counters using bank forms (where cards may be used as identification means) are included.
36	SEPA payments	PCCSC	Payments	Should Payment services to MFIs and to non-MFIs include SEPA payments and SEPA direct debits?	Yes.
37	Scope of PCCSC	PCCSC	All	What is the solo/conso scope for payment, settlement, clearing and custody?	At consolidated level, the bank should list/identify all the relevant services provided by banking entities to third parties (i.e. "clients" of the Group). At solo level, we expect the bank to identify which legal entity(ies) provide these services to third parties in particular (this is irrespective of whether FMI participation is at group level only). If the ultimate parent only provides services to group entities, its <i>solo</i> report should not identify these services as critical functions.
38	Payment and settlement services for own account	PCCSC	All	The guidance mentions in page 10 that the PCCSC function is limited to services provided by banks to their clients. Does it mean that we should exclude all payments, settlement, etc. done for own account (in relation with the portfolio of bonds, derivatives, own expenses...)	Yes
39	Scope of payment services	PCCSC	Payment services	Should we limit the payment services to payments related to clients but not linked to a transaction between the client and the bank? For example, should we take into account the payments done with a client in relation with its dealing room activities in the payment's figures?	In line with the ECB Payment Statistics, Payments initiated by banks and executed without a specific transaction order, i.e. without the use of a payment service, by simple book entry in the account of a customer, are not included. (see Payment statistics methodological notes, <a href="https://sdw.ecb.europa.eu/servlet/desis?node=1000002018">https://sdw.ecb.europa.eu/servlet/desis?node=1000002018</a> ).



N°	Subject	Function(s)	Sub-function(s)	Question	Answer
40	Cash withdrawals	PCCSC	Cash services	How to report cash payments – our understanding is that if cash is withdrawn from ATM it should be reported as "cash services" but if cash is withdrawn from the counter it should be reported as "payments". Is it correct?	The guidance note provides a definition of F.23 Cash services: Provision of cash services to clients (both individuals and corporates, only non-MFIs). These services refer to withdrawals at ATMs and at branches counters and do not include other cash services (like cash-in-transit services for mass retailers). Cash withdrawal with cheques and at branches counters using bank forms (where cards may be used as identification means) are included. In other words, it is cash services if they are provided to non-MFIs and if they are not cash-in-transit services for mass retailers, regardless whether the withdrawal is from ATM or counter.
41	Own book or trading on behalf of clients	Capital Markets	Derivatives	Do we need to provide information for all derivatives products our clients had traded, OTC and non OTC?	You need to report instruments on the own book of the bank and not to instruments traded on behalf of clients (see guidance for FINREP references).
42	Own book or trading on behalf of clients	Capital Markets	Secondary markets/trading	Does these refer to clients trading on the local market (i.e. Stock Exchange) or does it refer to own book?	It relates only to own trading activities, not trading on behalf of clients (see guidance for FINREP references). The purpose of this function is to gauge the role of the bank as liquidity provider to the market.
43	Proprietary trading	Capital Markets	Secondary markets/trading	Should derivatives from proprietary trading activities be also considered in the field "derivatives" or should only the derivative business for clients be taken into account?	Yes, proprietary trading activities should be included. You need to report instruments related to on the own book and not to instruments traded on behalf of clients (see guidance for FINREP references). This function is meant to reflect the role of the institution as provider of liquidity to the market.
44	Asset management activities	Capital Markets	Additional sub-function	Do we need to report our asset under management activities.	You may report the asset management services the bank offers to its clients, not its own assets under management. If the bank believes that asset management is critical, it can report the relevant data and assessment of the indicators in the optional additional functions in capital markets (F.36). Asset management is included in the drop down list.

## Guidance on the Critical Functions Report



N°	Subject	Function(s)	Sub-function(s)	Question	Answer
45	Report additional products in capital markets	Capital Markets	All	We would like to include specific products (i.e. FX swaps) in the capital market section. However, we may have some overlap with the general categories (Derivatives). Can we therefore only assess the specific product instead of the general SRB categories?	The general categories are included to get a sense of the importance of the bank in the global markets. If the bank believes it is useful to provide a further breakdown into specific products, it can use the optional cells in capital markets section. FX derivatives can be reported under the optional cells (FX derivatives). For these optional cells, no breakdown OTC vs. non-OTC is required. We are aware of the fact that there may be some overlaps with the general categories.
46	Wholesale funding versus capital markets	Capital Markets and Wholesale Funding	Multiple	Should the derivatives transaction that were already recorded in F.31 and F.32 also be filled into wholesale lending and derivatives F.43 and F.44?	There might be some overlapping with respect to the underlying instruments. F.31 and F.32 (linked to FINREP Table 10, see guidance note) focus on trading activities with all counterparties, while F.42 and F.44 (linked to FINREP Tables 20.04 & 20.06) provide a broader picture on financial derivatives between financial counterparties.
47	Derivatives for non-financial corporations	Wholesale Funding	Derivatives	Should derivatives for non-financial corporations be included in the "Wholesale funding" function?	No, wholesale activities refer to lending and borrowing in wholesale markets to and from <u>financial counterparties</u> (credit institutions and other financial corporations).
48	Central bank borrowing	Wholesale Funding	Borrowing	Does ECB funding fall within this sub-function?	No, wholesale funding only covers lending and borrowing to and from <u>credit institutions and other financial corporations</u> .
49	Own issuances	Wholesale Funding	Borrowing	Shall we include own issuances (i.e. of covered bonds)?	Own issuances of bonds are out of scope. Wholesale borrowing only refers to deposits from credit institutions and other financial counterparties. Wholesale lending covers loans and advances to credit institutions and other financial counterparties.
50	Deposits in wholesale funding	Wholesale Funding	Borrowing, Lending	Shall rows F.41, F.43 include also deposits (nostro/vostro accounts) with other financial institutions?	Yes, deposits at other financial institutions (nostro) should be included under lending (F43), while deposits from other financial institutions (vostro) should be included under borrowing (F41).
51	Core business lines	None	None	Will the template be expanded to Core Business Lines?	The revised EBA templates contain a template on core business lines.
52	Critical services	None	None	Will SRB develop a dedicated template / a common methodology also for the critical services analysis?	The revised EBA templates contain a template on critical services.



N°	Subject	Function(s)	Sub-function(s)	Question	Answer
53	Payments	PCCSC	Payment services to non-MFIs	Should payments made to settle a transaction (payment of cash against delivery of title) be included in field F.22 of the CF Template?	Field F22 concerns payment services to non-MFIs. This should include all payments initiated by the clients of the bank (mainly individuals and corporates). Whether such payments are executed to buy securities or something else should not matter.
54	Payments	PCCSC	Payment services to MFIs	<p>Are transactions included which are the consequence of a non-MFI payment (instruction)? E.g. corporate A gives a payment order to his bank (a) to transfer money to corporate B, who has an account with bank (b). Is this transaction to be reported not only in F. 22 but also in F.21? What if bank a and bank b do not have direct connection but use bank c to transfer money to bank b?</p>	<p>Payment services to MFIs are about “payment services offered to MFIs, with or without use of external payment systems. This also includes correspondent banking services”. The focus is on the service to other banks (indirect access to FMIs or internal settlement of transactions on behalf of another MFI). Whether the instruction originates from a non-MFI is of no importance. Example: if a corporate A instructs its bank (a) to pay corporate B, which has an account with bank (b) this should be reported in F.21 by bank (a) and by bank (b): it is not a service rendered by bank (b) to bank (a), but a service provided by banks (a) and (b) to their respective clients. If bank (a) uses bank (b) to transfer money to bank (c) [possibly in another country, and also possibly by using bank (b) to indirectly participate in a payment or settlement system], then it should be reported under F.22 by bank b (the service provider). Bank (a) does not report anything under F.22, but may still need to report the service to its own customer (if this payment instructions originated from, say, corporate A) in F.21.</p>
55	Cross-border	Capital Markets	All	How should cross-border be understood in Q.36?	The reference should be the location of the counterparty, i.e. where the business is originated. We have added a reference to the relevant FINREP tables in this Guidance for banks.