



Guidance on the Critical Functions Report

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Section 1 Introduction

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;
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 their responsible National Resolution Authority (NRA). 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 and 2017 template submissions. An internal governance process has been set up between the SRB and the NRA 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

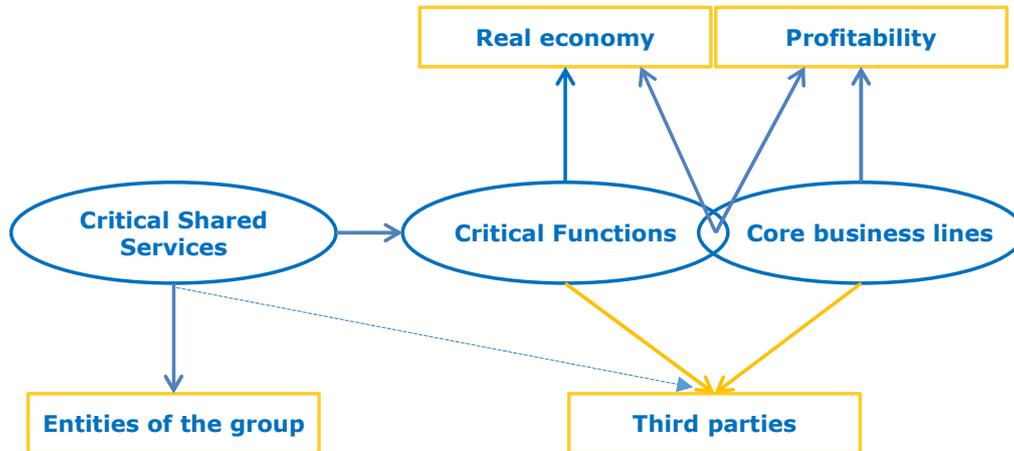
According to the Commission Delegated Regulation (EU) 2016/778 on critical functions, a function shall be considered critical, when it meets both of the following criteria:

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'.



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



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.

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 data¹ 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

¹ 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.



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 legislation², 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, 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

In principle, resolution authorities should have a view on whether the entities in scope of the BRRD and SRMR, articles 1 and 2 respectively, perform critical functions. To provide this view, banking groups will be required, in most cases, to report the critical functions templates at the level of the **EU ultimate parent undertaking** and at **country level, for each country** in which the banking group is incorporated, aggregating all the activities of entities within that country. In addition, 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 will also sometimes be necessary to appropriately identify the legal entities providing critical functions.

Reporting is mandated only for the entities 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.

As a starting point, the consolidation and sub-consolidation perimeters for reporting are based on the prudential standards, i.e. in line with the reporting requirements stemming from the CRR and consistent with the reporting scope of the prudential reporting (i.e.

² Commission Delegated Regulation (EU) 2016/778 on critical functions, FSB (2013), and EBA (2015).



FINREP and COREP). Nevertheless, the consolidation and sub-consolidation perimeters can depart from the prudential requirements to suit the needs of resolution planning if necessary.

The activity of branches, as they do not represent separate legal entities, shall be aggregated in the template of the legal entity to which they belong, irrespective of their geographic location. However, 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).

Critical functions templates covering third countries (including third country branches) could be required from institutions if this is deemed necessary by the IRT for the resolution planning process.

With regard to the responsibilities of the SRB and NRAs within the SRMR, the scope is determined to cover significant institutions and cross-border less-significant institutions. While other less-significant institutions are not covered, the SRB encourages NRAs to use the same format to collect the necessary information for resolution planning.

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 2018.

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 recognized 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.

Once the critical functions templates have been filled, banking groups should provide a mapping to individual entities in the EBA Template ([Annex III](#)).³ The SRB and EBA templates should complement each other. This means that the EBA Template should contain the same list of critical functions as identified in the SRB Template (in columns 010 'critical functions'), plus any additional functions banks may be requested to include, for example as a result of the 2017 top-down assessment performed by resolution authorities, if available. Institutions do not need to complete columns 070, 080, 090, 100, 110, 120 of the EBA template.

³ Commission Implementing Regulation 2016/1066.



The reporting date and channel of communication are the same for the EBA templates as for the critical functions report.

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]_CFT2018_[Level of Consolidation]_[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 CFT), the LEI code of the EU ultimate parent undertaking (or central body for cooperative banking groups) should be used.
[Country of Incorporation]	ISO code for the country of incorporation (2 digits). For MS CFTs, the ISO code of the country on which consolidation is applied.
[Level of Consolidation]	Consolidating: CONS; Individual: IND; Resolution group: RES; Consolidating all the activities of entities in a given country in which the banking group operates: MS (and not CONS, except if this is the top consolidating level). See also under 2.1 Definitions G.5 Level of consolidation
[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.

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 the data input section (part 2), amounts will be reported as indicated in the template: in **# thousands, # units, or EUR million**. 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%. Reporting shall follow the rules in table 2. As a result of these specifications, the SRB does not expect to receive templates with empty blank cells.

Table 2: Data conventions

decimal mark (if numbers are not rounded)	, (comma)
digit grouping/thousand separator	. (point)
requested field is not available	UA

Values will exclusively be reported **in EUR (counter) value and should be rounded to the nearest EUR million**.⁴ 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). Institutions need to select the appropriate option, based on either expert judgement or pre-specified reporting buckets.

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. 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.

⁴ Rounded up if the decimal is equal to or higher than 0.5, rounder down if it is lower.



2.1 Definitions related to general information

G.1 Name of the legal entity

Free-form text identification of incorporation name of the entity for which the template is reported. Please state the official name as it is listed in corporate acts, including the indication of the incorporation form.

G.1 Identifier of legal entity

The unique LEI code for the entity and ultimate parent entity, in line with requirements by the EMIR Commission Implementing Regulation 2017/105, for which the template is submitted. 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

Free-form text identification of incorporation name of the ultimate parent entity of the reporting entity. Please state the official name as it is listed in corporate acts, including the indication of the incorporation form.

G.2 Identifier of the Ultimate Parent Entity

The unique LEI code for the ultimate parent entity. In the absence of a LEI, the ECB MFI ID of the entity should be used. In absence of both such identifiers, a local identifier shall be used (please contact your NRA for this purpose).

G.3 Optional - Name of the Intermediate Parent Entity

Please only report if the information is provided at sub-consolidated level. Free-form text identification of incorporation name of the intermediate parent entity of the reporting entity. Please state the official name as it is listed in corporate acts, including the indication of the incorporation form.

G.3 Optional - Identifier of the ~~Ultimate-Intermediate~~ Parent Entity

Please only report if the information is provided at sub-consolidated level. The unique LEI code for the intermediate parent entity. In the absence of a LEI, the ECB MFI ID of the entity should be used. In absence of both such identifiers, a local identifier shall be used (please contact your NRA for this).

G4. Country of incorporation

The ISO 3166-1 alpha-2 identification of the country where the entity is incorporated from the predefined drop-down list of countries. For MS CFTs, the ISO code of the country on which consolidation is applied.

G.5 Level of Consolidation

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

- ✓ 'Consolidated',
- ✓ 'Member State/Country' (to be used only if it differs from 'Consolidated'),
- ✓ 'Resolution Group' (to be used only if it differs from 'Consolidated' or 'Member State') [where such a determination has been made by resolution authorities],
- ✓ 'Sub-consolidated' (to be used only if it differs from 'Member State' and 'Resolution Group') or
- ✓ 'Individual'.



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 or across reporting types for a single entity.



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

Deposits (F.1-5)

Deposit taking refers 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; ECB BSI Regulation (ECB/2013/33) 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 1.35(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 1.4(h); 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 1.35(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 1.35(b).

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

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



Lending (F.11-16)

Lending refers 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; ECB BSI Regulation (ECB/2013/33) 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 2.41(k).

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 sub-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 sub-function is not specified in the drop-down list, please provide the name of the additional sub-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 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 2.41(c) and (d). IAS 17.



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

The economic function included under this caption consists 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, the payments, clearing and settlement function is limited to services provided by banks to their clients. It 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).

Reference: FSB (2013) p.20.

F.21 Payment services to MFIs

'Payment service', 'payment transaction', and 'payment system' have the same meaning as defined in Article 4 of Directive on payment services. This row only relates to payment services offered to 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 also includes (payments related to) correspondent banking services provided by the reporting entity. 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 offered to clients, with or without the use of external payment systems. This only includes natural or legal person who do *not* belong to the MFIs sector. Payment service providers are 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, to 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: *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 sub-functions is essential for the analysis. If you use this option, please enter the name of the additional sub-function.

Capital Markets (F.31-36)

Capital markets activities 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. Only include derivatives traded in the OTC market.

References: Points (4) to (10) of Section C of Annex I to Directive 2014/65/EU, 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 (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). Include value of securities measured as the total amount of securities in the held-for-trading accounting category. Securities must be reported at fair value at the reporting date. Do not include loans, derivatives and non-tradable assets (e.g. receivables).

Reference: IAS 32.11; FINREP: Annex V. Part 1.24, 25, 27; 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 instruments⁵.

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

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

⁵ https://ec.europa.eu/info/system/files/glossary_en.pdf



- **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 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.

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 sub-functions is essential for the analysis. If you use this option, please select one of the options from the drop-down list. If the sub-function is not specified in the drop-down list, please select 'other' and provide the name of the additional sub-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.⁶ Reference: CRR Art. 272 (3).

⁶ 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 (in percentages)

Value of domestic deposits relative to the total value of domestic deposits, which 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. Please report the estimated market share in the ranges provided in the drop-down list⁷.

Q.2 Optional – regional or EU market share (in percentages)

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. Please select in the relevant market in the drop-down list in Q2.

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.

Please report the estimated market share in the ranges provided in the drop-down list.

Q.3 Value on accounts (in EUR millions)

Carrying amount (including accrued interest).

References: FINREP Annex III 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 2.51.

Q.4 Number of clients (in thousands)

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 (in thousands)

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'.

Q.6 Cross-border value (in EUR millions)

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, not of the reporting entity itself).

⁷ Please note that in comparison to the ranges included in the 2017 template, the range '0-5%' has been split into '0-2%' and '2-5%'.



Lending (Q.11-17)

Q.11 National market share (in percentages)

Value of outstanding lending to domestic residents or domestically incorporated firms, relative to the total value outstanding in the national market, which 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. Please report the estimated market share in the ranges provided in the drop-down list.

Q.12 Optional - Regional or EU market share (in percentages)

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. Please report the estimated market share in the ranges provided in the drop-down list.

Q.13 Value outstanding (in EUR millions)

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

References: FINREP Annex III Table 04.04 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 2.35.

- 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 (in EUR millions)

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

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 2.57, 58, 59.

Q.15 Number of clients (in thousands)

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 (in EUR millions)

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

Q.17 Risk weighted assets (in EUR millions)

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 (in percentages)

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. Please report the estimated market share in the ranges provided in the drop-down list.

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 (in EUR millions)

Please report total transactions over the year. Only report for the sub-functions:

- **Payment services** (F.21-22): Value of transactions sent. References: EU Directive on payment services in the internal market (2015/2366) Article 4(5) of; ECB Regulation on payment statistics (ECB/2013/43).
- **Cash services** (F.23): Value of ATM transactions at ATMs of the reporting entity, as well as over-the-counter cash withdrawals in branch offices of the reporting entity. References: ECB Regulation on payment statistics (ECB/2013/43) Table 5a and 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.

Q.23 Value of open positions (in EUR millions)

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.

Q.24 Value of assets under custody (in EUR millions)

Only report for F.26 'Custody services': the amount of assets under custody, using the 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.

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



Q.25 Cross-border value (in EUR millions)

Please report 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 from ATMs located in foreign countries.
- **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 (in thousands)

Please report total transactions over the year. Only report for the sub-functions:

- **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 / ATMs

For F.21, F.22, F.24, F.25, F.26 report: 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 (in percentages)

Please report the estimated market share in the ranges provided in the drop-down list.

- **Derivatives** (F.31-33): Notional amount outstanding within the country which 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 within the country.



- **Secondary markets** (F.34): Carrying amount outstanding in the country which 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 which 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 (in percentages)

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 in the ranges provided in the drop-down list.

- **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 (in EUR millions)

Only report for derivatives (F.31-33): gross nominal amount of all deals concluded and not yet settled at the reference date.

References: FINREP Annex 5 10.2 (70) for the definition; for the data FINREP Annex III:

- 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 (in EUR millions)

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 [FINREP: Annex V Part 1.24] for financial assets in the categories equity instruments and debt securities [FINREP: Annex V Part 1.26], classified as 'Held for Trading' [FINREP: Annex V Part 1.25].

Reference: FINREP: Annex III Table 04.01 column 010 rows 010+060+120.

Q.35 Fee income (in EUR millions)

Only report for primary markets (F.35). Fees and commissions received for involvement in the origination or issuance of securities not originated or issued by the institution.

Reference: FINREP: Annex III Table 22.01 column 010 rows 030+180.

Q.36 Cross-border value (in EUR millions)

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



- **Primary markets** (F.35): please estimate the fee income generated outside of the home country on a best effort basis.

Q.37 Number of counterparties OR transactions (in thousands)

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 (in percentages)

It can be calculated as: gross carrying amount (Q.43) divided by the sum of gross carrying amount of all institutions within the country. Please report the estimated market share in the ranges provided in the drop-down list.

Q.42 Optional – EU or global market share (in percentages)

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 global market share in the ranges provided in the drop-down list. 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. Please report the estimated market share in the ranges provided in the drop-down list.

Q.43 Gross carrying amount (in EUR millions)

The gross carrying amount shall mean the carrying amount excluding 'accumulated impairment'.

References: FINREP: Annex V Part 2.45/46, 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 row 010, all countries.
- **Lending** (F.43): Table 20.04, column 010 rows 170+180, all countries.
- **Derivatives (liabilities)** (F.44): Table 20.06, column 010, row 010, all countries.

Q.44 Number of counterparties (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

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 2.91 page 29 & Part 2.41(e) page 18; 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 (in EUR millions)

Add the gross carrying amounts of all countries, except for the home 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 (in EUR millions)

Gross carrying amount outstanding at credit institutions. Sector definition according to FINREP (Annex V).

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. 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:

1.1 & 1.2 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?

1.11 & 1.12 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.

1.23 Cross-border indicator Payments, Cash, Clearing, Settlement, Custody

Number of EU countries where the reporting entity has a market share above **52%** (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.

1.33 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: $\geq 25\%$.

1.43 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: $\geq 25\%$.

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):

1.4 Market share indicator Deposits

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

1.14 Market share indicator Lending

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

1.24 Market share indicator Payments, Cash, Clearing, Settlement, Custody

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

1.34 Market share indicator Capital Markets

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

1.44 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: ≥ 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, 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)

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)

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)'. Pay attention to the fact that the **buckets are on an inverted scale**, with 'L': a function can easily be provided by another bank under comparable conditions within a reasonable timeframe, and H: a function cannot be easily or rapidly substituted.

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

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- ECB, [Regulation \(EU\) 1071/2013 concerning the balance sheet of monetary financial institutions sector](#) (BSI Regulation), ECB/2013/33, 24/10/2012
- ECB, [Regulation of the European Central Bank on payment statistics](#), ECB/2013/43, 28/11/2013
- EU, [Directive 2011/65/EU of the European Parliament and of the Council on Alternative Investment Fund Managers](#), 8/06/2011
- EU, [Regulation \(EU\) 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories](#) (European Market Infrastructure Regulation), 4/07/2012
- EU, [Commission Implementing Regulation \(EU\) 2017/105 laying down implementing technical standards with regard to the format and frequency of trade reports to trade repositories according to Regulation \(EU\) No 648/2012](#), 19/10/2016
- EU, [Regulation \(EU\) 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms](#) (Capital Requirements Regulation), 26/06/2013
- EU, [Commission Implementing Regulation \(EU\) 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation \(EU\) No 575/2013](#) (COREP templates), 16/04/2014
- EU, [Directive 2014/59/EU of the European Parliament and of the Council on establishing a framework for the recovery and resolution of credit institutions and investment firms](#) (Bank Recovery and Resolution Directive), 15/05/2014
- 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
- EU, [Commission Implementing Regulation \(EU\) 2016/1066 laying down implementing technical standards with regard to procedures, standard forms and templates for the provision of information for the purpose of resolution plans for credit institutions and investment firms](#), 17/05/2016
- EU, [Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments](#), 15/05/2014
- EU, [Regulation \(EU\) 909/2014 of the European Parliament and of the Council on improving securities settlement in the European Union and on central securities depositories](#), 23/06/2014



- EU, [Directive \(EU\) 2015/2366 of the European Parliament and of the Council on payment services in the internal market](#), 25/11/2015
- EU, [Regulation \(EU\) 2015/2365 of the European Parliament and of the Council on transparency of securities financing transactions and of reuse](#), 25/11/2015
- Eurostat (2010), [European System of Accounts](#)
- [FINREP, Annex III](#) templates (IFRS and GAAP), [link](#)
- [FINREP: Annex V Instructions](#)
- FSB, [Guidance on the Identification of Critical Functions and Critical Shared Services](#) (FSB 2013), 16/07/2013
- [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
Capital Requirements Regulation	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
FMIs	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)
MFIs	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

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 why the function was added. The total for deposits should nevertheless contain the total amount of deposits, irrespective of their type.

Guidance on the Critical Functions Report



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 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).

Guidance on the Critical Function Report



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 Critical Functions Reports

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 EBA critical functions template?	Yes, only the identified critical functions in the SRB Template need to be reported as critical functions in the EBA Annex III (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



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 (consolidated banking statistics). 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



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 3rd country was used.

Guidance on the Critical Function Report



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 will consider sharing references to publicly available statistics. When banks are filling the SRB template, they should 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 by the revised EBA Templates (to be reported in 2019).
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)

Guidance on the Critical Functions Report



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 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).



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, please do not report these activities twice (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.

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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, https://sdw.ecb.europa.eu/servlet/desis?node=100002018).

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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.

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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.