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European Banking Authority
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13 September 2017

Standard Chartered response to the European Banking Authority’s (‘EBA’) Consultation on Guidelines on disclosure requirements on IFRS 9 transitional arrangements EBA-CP-2017-11

Dear Sir / Madam,

We welcome the opportunity to comment on the Consultation Paper EBA/CP/2017/11 on the on Draft Guidelines on disclosure requirements on IFRS 9 transitional arrangements.

We support the EBA’s objectives of specifying a uniform disclosure format to be applied by institutions in order to increase consistency and comparability of information disclosed in the context of the transitional arrangements for mitigating the impact on own funds of the introduction of IFRS 9.

We agree with the overall content of the draft Guidelines, disclosure requirements and templates as proposed in the Consultation Paper, specifically we welcome that the disclosure requirements reflect the optionality of the application of IFRS 9 transitional arrangements.

In our letter, we provide responses to the two questions raised within the consultation paper, including specific comments and alternative suggestions.

We note that the implementation timeline for the IFRS 9 transitional arrangements is challenging. IFRS 9 will become effective as of January 2018 and the regulation inserting the new Article 473a into the Capital Requirements Regulation is expected to be finalised in October 2017, at the earliest, leaving less than three months to implement required reporting processes.

We would be pleased to discuss the contents of this letter, and related matters, with your or your representatives at your convenience. We refer the EBA to the technical comments and specific recommendations made the Association of Financial Markets in Europe (AFME) response to which we have contributed.

Yours faithfully,

Alan Quaintance
Head of Technical Accounting
Answers to specific questions from the Consultation Document

Question 1: Could you provide your views on whether adding RWA on an IFRS 9 fully loaded basis in the quantitative disclosure template in Annex I would provide more clarity to the users and would ensure a more consistent and comparable disclosure by institutions compared to the current proposal to disclose only the actual figure of RWA?

We agree that the addition of RWA on an IFRS 9 fully loaded basis in the quantitative disclosure template in Annex I will provide more clarity and contribute to ensuring a more consistent and comparable disclosure by institutions and will therefore be beneficial to users of the Pillar 3 disclosure documents.

Question 2: Do you agree with the overall content of these guidelines and with the template proposed? In case of disagreement, please outline alternatives that would help to achieve the purpose of the guidelines.

We support the overall content of the draft Guidelines and the templates proposed in the Consultation Paper and agree that the draft Guidelines will contribute to increasing consistency and comparability of information disclosed in the context of IFRS 9 transitional arrangements.

The proposed quantitative template includes lines depicting movements in CET1, Tier 1 and Total Capital. For completeness, the EBA may want to consider including lines on Tier 2 Capital as well, particularly as IFRS 9 phase-in may have an impact on Tier 2 Capital. This is particularly the case for banks that have an excess of accounting provisions over regulatory expected loss pre-IFRS 9 phase-in and that excess has been eligible to be included in Tier 2 Capital under CRR Article 62(d).

We would like to point out the differences in terminologies used in the March 2017 BCBS Pillar 3 disclosure requirements Phase 2 standard and the proposed Guidelines. Specifically, we recommend using the well established term “fully loaded” (as in the BCBS standard) compared to the longer and more ambiguous “as if IFRS 9 transitional arrangements were not applied” (as in the draft Guidelines).