



EUROPEAN CENTRAL BANK

EUROSYSTEM

Feedback statement

Responses to the public consultation
on the draft ECB Regulation amending
Regulation (EU) No 1333/2014
concerning statistics on the money
markets

December 2018



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Executive summary

On 6 August 2018 the European Central Bank (ECB) launched a public consultation on the draft ECB Regulation amending Regulation (EU) No 1344/2014 concerning statistics on the money markets (the draft amending Regulation), which lays down requirements for the collection and reporting of statistics on the euro money market. This feedback statement presents the ECB's assessment of the comments received during the public consultation.

Money market statistical reporting (MMSR) data have been reported on a daily basis since 1 July 2016, covering information on the secured, unsecured, foreign exchange swap and euro overnight index swap money market segments on the basis of Regulation (EU) No 1333/2014 concerning statistics on the money markets (the MMSR Regulation).

High frequency statistical information on money market activity is considered necessary to achieve a better understanding of how money markets work and evolve, their changing patterns and, in particular, banks' funding in different segments; to provide more relevant and timely information on the monetary policy transmission mechanism, as well as better information on market expectations about the future trajectory of policy rates; and to provide more information to market participants on the functioning of the money markets.

In order to simplify the reporting scheme and to further improve the quality of those statistics, the ECB is introducing a new ECB Regulation amending the MMSR Regulation.

The amending Regulation will (i) ensure that transactions with all financial counterparties are reported; (ii) strengthen the reporting of the counterparty's Legal Entity Identifier (LEI) to ensure that the data collection benefits from the extended mandatory use of the LEI in reporting in the EU; (iii) align the reporting deadlines of new reporting agents in case it is decided to expand the MMSR reporting population; and (iv) ensure that the statistical information is collected, compiled and transmitted by reporting agents in a manner which protects the integrity of the information.

The ECB attaches the utmost importance to stakeholders' understanding of the proposed amendments to the MMSR Regulation. It therefore published the draft amending Regulation on its website, along with a press release and an explanatory memorandum on the rationale of the proposed amendments and invited the general public to submit comments by 10 September 2018.

The ECB received 39 written responses, all with relevant input, from 11 respondents. The respondents generally welcomed the proposed amendments, in particular the mandatory use of the LEI when it has been assigned, as well as the extension of the scope of transactions to include all financial counterparties. Moreover, they recognised that the proposed Regulation helped to harmonise and simplify the reporting requirements. Finally, some respondents mentioned that the

implementation of the proposed amendments would require sufficient lead time and that implementation costs would increase if, as proposed in the draft amending Regulation, the deadline for implementation was very short.

Having analysed and given due consideration to all comments received, the ECB amended Article 2 of the amending Regulation to indicate that the Regulation will apply from 15 March 2019.

Following the assessment, a revised draft of the amending Regulation was forwarded to the Governing Council of the ECB and adopted as the ECB Regulation amending Regulation (EU) No 1344/2014 concerning statistics on the money markets on 7 December 2018. The Regulation was published on the ECB's website on 11 December 2018, together with this feedback statement.

1 Overview and analysis of responses

The ECB published the draft ECB Regulation amending Regulation (EU) No 1344/2014 concerning statistics on the money markets on 6 August 2018. The period for submission of comments on the draft ran until 10 September 2018. A total of 39 comments from 11 respondents were received. Submissions were made by national and European associations representing the interests of the money market sector, as well as by individual credit institutions and one international foundation. Table 1 shows the breakdown of responses by type of respondent and the specific part of the draft Regulation commented on.

Respondents welcomed the publication of the draft amending ECB Regulation, generally recognising that it helped to harmonise the statistical reporting requirements and reduce the reporting burden. Respondents generally welcomed the proposed amendments, in particular the mandatory use of the LEI, where possible, as well as the extension of the scope of transactions to include all financial counterparties.

Some industry respondents mentioned that the implementation of the new reporting requirements for the money market statistical reporting would require sufficient lead time and that implementation costs would increase if the implementation deadline was very short. Furthermore, a number of respondents asked to postpone the entry into force of the amending ECB Regulation, also in order to avoid an operational change at the turn of the year.

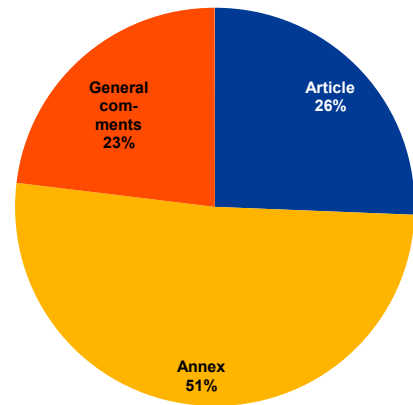
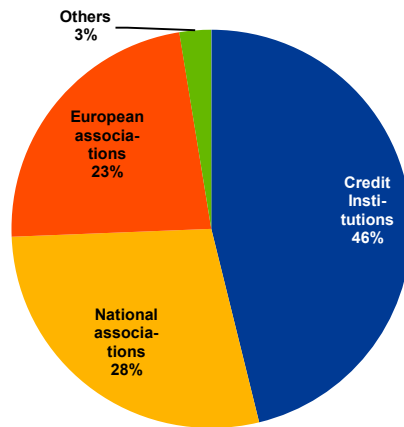
Following the public consultation the ECB analysed and gave due consideration to all comments received. This feedback statement presents the ECB's assessment of those comments. For ease of understanding, references to specific provisions of the Regulation refer to the draft published for public consultation on 6 August 2018. A table showing the amendment applied following the public consultation is included in Section 4.

The revised draft amending Regulation was forwarded for approval to the Governing Council of the ECB, and adopted as the ECB Regulation amending Regulation (EU) No 1344/2014 concerning statistics on the money markets on 7 December 2018. The Regulation was published on the ECB's website on 11 December 2018, together with this feedback statement.

Table 1

Breakdown of responses by type of respondent and specific part of the draft amending Regulation commented on

	Credit Institutions	National associations	European associations	Others	Total
Article	4	3	3		10
Annex	9	6	4	1	20
General comments	5	2	2		9
Total	18	11	9	1	39



2 Rationale for and scope of the amending Regulation

2.1 Rationale for the amending Regulation

The money market statistical reporting (MMSR) data have been reported on a daily basis since 1 July 2016, covering information on:

1. unsecured borrowing transactions with maturity up to and including one year as well as interbank lending;
2. secured lending and borrowing transactions data including all repurchase agreements and transactions which are denominated in euro with a maturity up to and including one year;
3. foreign exchange swaps (FX swaps) transactions, in which euro are bought/sold spot against a foreign currency;
4. overnight index swaps (OIS) transactions denominated in euro (volume and rates).

Data have been collected from the 52 largest euro area banks¹ and reflect credit institutions' transactions with monetary and financial institutions except central banks, other financial intermediaries, insurance corporations, pension funds, central banks for investment purposes, the general government as well as wholesale transactions with non-financial corporations.

Experience gained since the start of the reporting shows that the MMSR Regulation needs to be amended in order to clarify the actual reporting requirements, facilitate reporting and obtain a more harmonised collection of money market data in order to improve the data quality. In addition, the available MMSR data may serve as the basis for an unsecured overnight interest rate, as announced by the ECB Governing Council on 21 September 2017.

2.2 Scope of the amending Regulation

To improve the quality of the statistics on the euro money market, certain provisions of the MMSR Regulation need to be amended. In this regard, the proposed changes in the draft amending Regulation would address the following issues.

- **Counterparty scope classification:** the amending Regulation clarifies that transactions with all financial counterparties (except central banks where the transaction is not for investment purposes) and non-financial wholesale

¹ Due to two corporate events (mergers) that have occurred since the entry into force of the MMSR Regulation, the actual number of MMSR reporting agents has changed from 52 to 50.

counterparties under the liquidity coverage ratio requirement of the Basel III framework are to be reported. This means that, under the amending Regulation, the reporting obligations will also cover reporting agents' money market transactions with non-money market funds, investment funds, financial auxiliaries and captive financial institutions and money lenders.

- **Counterparty identification:** the amending Regulation further supports the reporting of the Legal Entity Identifier (LEI) of all counterparties that have been assigned an LEI. This requirement ensures that the data collection will benefit from the extended mandatory use of the LEI in reporting in the EU, and should reduce the reporting burden as reporting agents will no longer need to derive and report the sector and location of the counterparty when an LEI is available.
- **Timeliness:** the amending Regulation amends Article 4 to align the reporting deadlines of new reporting agents in case it is decided to expand the MMSR reporting population at a later stage. This amendment has no impact on the current reporting population, which will continue reporting by 07:00 on the day following the trade date.
- **Data integrity:** specific changes to Articles 3, 4 and Annex IV have been implemented in order to conform to the general principles contained in the Public Commitment on European Statistics by the ESCB² and to ensure that statistical information is compiled and transmitted by reporting agents in a manner which protects the integrity of the information.
- **Concept definition:** in order to enhance the definition of certain concepts included in the reporting requirements, the Annexes of the MMSR Regulation have been amended.

² [Public commitment on European Statistics by the ESCB](#)

3 Comments on specific parts of the amending Regulation

3.1 Request for postponing the entry into force of the amending Regulation

Comment: Seven respondents requested a postponement of the deadline for the entry into force of the new regulation in order to have more time to implement the new reporting requirements. A few respondents also asked for further explanation on the retroactivity of the new requirements.

Assessment: To accommodate the concerns raised in the public consultation, the ECB has amended Article 2 of the amending Regulation to indicate that the Regulation will apply from 15 March 2019. Timely implementation of the new requirements is important in view of the forthcoming euro short-term rate (ESTER). The new date for the entry into effect of the amending Regulation will allow the requirements to be implemented before the start of ESTER while also providing additional lead time to reporting agents to adapt their systems and procedures, resulting in lower implementation costs than would have been incurred with the very short implementation deadline given in the draft subject to public consultation. Moreover, the new reporting requirements will apply exclusively to transactions reported as of the date that the amending Regulation enters into effect.

3.2 Request for clarification of the mandatory reporting of LEI

Comment: Seven respondents welcomed the mandatory use of the LEI, where possible, for identification of the counterparties. A few respondents requested further explanation regarding the transaction details to be reported depending on the existence and/or availability of the LEI, and the scope of reporting “Sector” and “Location” instead of the LEI.

Assessment: Following the entry into force, the reporting agents are obliged to report the counterparty LEI when it has been assigned. If the LEI has not been assigned, the institutional sector and the location of the counterparty have to be reported. For transactions conducted with a Central Clearing Party (CCP), the LEI of the CCP has to be reported as the counterparty. For branches, the LEI of their respective headquarters are to be reported. Under EU company law, this would be the LEI of the legal entity that set up and controls the branch.

3.3 Request for a harmonised definition across regulations

Comment: Four respondents requested harmonised reporting definitions for the classification of financial corporations in the various legal acts collecting high-

frequency transactions in financial markets (e.g. Securities Financing Transaction Regulation, European Market Infrastructure Regulation, Markets in Financial Instruments Directive, MMSR Regulation).

Assessment: The amending Regulation specifies that the counterparty sectors and subsectors for financial corporations in the MMSR Regulation and its reporting instructions follow the definitions laid down in ESA2010³. By following the ESA2010, the amending Regulation applies the standard definitions for the classification of counterparties in European statistics. Moreover, given that the amending Regulation makes it mandatory to report the counterparty LEI, where possible, the need to report a classification of counterparties is substantially reduced.

3.4 Other comments

Some respondents requested the revision of specific parts of the Reporting Instructions and the Question & Answer document to clarify particular issues encountered by reporting agents.

Assessment: The Reporting Instructions and Q&A will be updated in line with the amending Regulation, and will continue to be revised on a regular basis to clarify open issues and provide detailed examples of the reporting of some particular cases.

³ Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union.

4 Amendments made to the draft amending Regulation following the public consultation

Following the ECB's assessment of the outcome of the public consultation, one amendment has been incorporated into the draft amending Regulation. Table 2 details this amendment.

Table 2

Amendment to the draft ECB Regulation amending Regulation (EU) No 1333/2014 concerning statistics on the money markets following consultation

Article	Heading	Amendment
Article 2	Final provisions	Article 2 has been amended to indicate that the Regulation shall apply from 15 March 2019.

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For specific terminology please refer to the [ECB glossary](#).