

## Agenda for LGD - EAD Subcommittee Meeting 5 February 2019

**Meeting Start:** 1500 CET  
**Meeting duration:** 1 hour  
**Location:** by telephone and webex

Item No.	Start time	Item	Responsible	Info or Resolution	Material
<b>Standing Items:</b>					
1.	1500	Minutes of the last Meeting, Action List and Forward Looking Calendar	ER/ML/RD	I/R	X
2.	1510	Documentation Improvements - Bank or Financial Company - User Handbook	ER	I/R	X
3.	1525	Industry Code proposal Validation Rules	ER	I/R	X
4.	1535	Other Data Quality Validation Rules - Year of Construction - Financial Industry	ER	I/R	X
5.	1545	Updates on Methcom	RD	I	
6.	1550	Any other business	ML	I	

**Anti-Trust Warning:** participants are warned not to provide sensitive information about their financial institution or customers and are warned not to engage in discussions which might encourage or lead to collusive behaviour. If in doubt then please seek guidance from your own institution's policies or legal counsel.

# Item 1

## Minutes LGD - EAD Subcommittee Meeting 11 December 2018

Ref Minutes LGDSub 20181211

### Members:

Martin Lulic - Chair	KfW
Stuart Neilson	Citibank
Ravi Kumar	Credit Suisse
Vinod Pol	
Philippe Choquette	Desjardins
Carona Ly	EDC
Owen Cox-Dixon	
Daniel Langer	Handelsbanken
Thomas Richardson	HSBC
Eugine Muluka	
Tirza Zwaanswijk	ING
Luis Bochner	JP Morgan
Guido Caprioglio	
Robert Nebrich	M&T
Fabio Guacaneme	National Bank of Canada
Abdoubakhe Amar	
Elizabeth Moleda	RBC
Anna Brohlin	SEB
Harris (Huaxiang) Shen	Scotiabank

**Executives:** Erik Rustenburg, Nina Brumma, Riëtte Dijkstra (minutes)

**Venue:** by webex and telephone

**Meeting Start:** 1500 CET

Item numbers are from the agenda and are presented here in the order in which they were discussed.

**Anti-Trust Warning:** participants were warned not to provide sensitive information about their financial institution or customers and were warned not to engage in discussions which might encourage or lead to collusive behaviour.

**The quorum is reached for decision making.**

### Item 3: Industry Code proposal

Based on member requests regarding more granular industry codes, the Executives made a proposal for more granularity to some of the existing industry codes and to add fields to allow banks to submit their raw codes.

- Addition of codes in Industry\_Code lookup table
- Add optional fields: Raw\_Industry\_Code and Raw\_Industry\_Code\_Type (only in Input structure, not in Output structure)
- Remove Secondary\_Industry\_Code field

**Vote** for firm proposal: unanimously approved

### Item 1: Minutes from the last meeting, action list and forward-looking calendar

The minutes of the meeting are approved.

No further remarks on the forward-looking calendar and the action item list.

### Item 2: Documentation Improvements - Collateral Valuation Types/Seniority Codes

- For the Collateral Valuation Types only enhanced definitions and comments are proposed by the Executives, no addition of Collateral Valuation Types and no change in validation rules.

**Vote:** unanimously approved

The question was raised how to deal with haircuts. It was explained that code 320 - Market Value estimated by the lender, using a simple haircut, price index, macro economic factor model or rental income index – can be used to submit values where a haircut has been applied.

- Seniority Code definition change proposed for Seniority Code 300:  
300                    **Equity**                    Only to be used for facilities which are “Equity/Bonds”  
To:  
300                    **Equity**                    Only to be used for facilities which are Equity: Facility type 620 (Equity) or 630 (Debt/Equity Hybrids)

Validation Rule LOAN102 is adapted based on the proposed change.

**Vote:** unanimously approved

### Item 4: Implementation of LEI in LGD Template

The LEI (Legal Entity Identifier) item is already available in the Benchmarking Platform and will be implemented in the PD & Rating platform for the H1 2019 submission. The proposal is to add this item also in the LGD template as an optional field for the H1 2019 submission.

**Vote** for firm proposal: unanimously approved

Data return will be discussed in the future, after analysis has been performed by the Executives to ensure anonymity is guaranteed.

### Item 5: Updates on Methcom

- Critical mass rule removal for Banks & Financial Institutions: this will be implemented in H1 2019 because there was no quorum during the meeting.
- FX rate for guarantors: the solution to solve this will be implemented in H1 2019 because there was no quorum during the meeting.
- Firm proposals were approved and will be implemented in H1 2019.

The chair closed the meeting at 16:30h CET

## Action List LGD – EAD Subcommittee

January 2019

AP No.	Content	Holder	Due Date	Closed
LGDSC20170502-03	Create proposal for Restructuring After Default	ER/ML	2019	
LGDSC20170905-03	Analyse different Rank_Of_Security values per collateral on H2 2017 data	NB/NR	2019	
LGDSC20180424-01	Create specifications for HVCRE indicator	NB/ER	2019	
LGDSC20181023-01	Report status of availability of Collateral Type 810 – can this type be removed?	ER	H1 2019	

New items will be included in *Italic* letters and closed items will be marked in light grey

Responsible	Item	Description	Comments	Methcom item yes/no	Priority	February	March
<b>Items in progress</b>							
ER	Documentation Improvements	Documentation improvements: Collateral Valuation Types Bank or Financial Company Indicator Entity Asset Class Integrated Documentation User Handbook	Proposal LGD Subcommittee 5-feb In Progress Proposal LGD Subcommittee 5-feb	Yes No	Medium	X X	X
HT/ER	Industry groups Holdings and Private Banking	Impacted Validation Rules	Proposal LGD Subcommittee 5-feb				
NB/NR	Year of construction	Year of Construction does not have an Escape Clause and must be reported in the format YYYY (COLL120). We should include the escape clause so banks don't add 9999 or 2099 as escape clause + use VR Error to avoid Year of construction in the future.	Proposal LGD Subcommittee 5-feb	No	Medium	X	
<b>Items to be planned</b>							
ER	Definition of Default	Information purposes only; share outcome of survey		Yes	Low		
HT/NB	Treatment of Costs	Request from NA banks on how to deal with costs that are repaid or not repaid - new Transaction Types		Maybe - Depending on outcome	Medium		
NB	Recurring defaults	Recurrent defaults: e.g. Shipping analysis: recurring defaults is common in last years, but because these are submitted as new defaults it is difficult to recognize recurrent defaults and analyse these	Is on action item list Methcom: EBA guideline analysis	Yes	Medium		
RD	Negative Pledge as a field in the GCD LGD database	From the EBA benchmarking for Low Default Portfolio it is shown that LGD with or without Negative Pledge is requested separately, indicating that the model segmentation is also used by other banks (column 300 and 310 Annex IV of Final Draft RTS and ITS on Benchmarking Exercise)		Maybe - Depending on outcome	High		
NB	SME: comparison of LGDs	Compare SME LGDs regard to seniority - subordinated vs supersenior		No	High		
RD	HVCRE Indicator	Request from NA banks to add an HVCRE indicator for Real Estate Collateral		Yes	Low		
ER	Borrower_Internal_PD	Question: do we want to include one or more of the fields available for guarantors: Guarantor_Rating_Fitch/Guarantor_Rating_Moodys/Guarantor_Rating_SaP/Guarantor_Rating_Internal		Maybe - Depending on outcome	Low		
RD	Restructured Facilities	Further analysis and proposal on how to input restructured facilities		Maybe - Depending on outcome	High		
RD	Escape clauses	Review fields with escape clauses - eg Guarantor Financials.	Do we want more mandatory fields?	Maybe - Depending on outcome	Medium		
NB	CCF as calculated fields						
NB	LGD calculation unresolved cases						

# Item 2

Bank_Or_Financial_Company	Description	Registered Bank*	Type of Organization**	Definition	Comment
1	Universal Bank	Yes	Company	Provides all kinds of services to companies and individuals from deposit taking to specialised credit and investment banking.	Most larger banks will be in this category. These banks can be global, regional or single country. However they must perform some significant investment banking. For example, Citibank is a universal bank but so is the more regional Raiffeisen Bank International.
2	Commercial Bank	Yes	Company	Provides mainly banking services to businesses. No significant investment banking.	This is a common category and includes banks that provide a mix of services to businesses and can include some retail banking, for example Farmers Bank of Virginia.
3	Retail Bank or Building Society or Credit Union	Yes	Company or Cooperative	Provides mainly banking services to consumers. No significant investment banking.	Most savings banks provide currently products for personal customers eg. Housing loans, personal loans and credit cards. Eg. Argenta bank in the Netherlands. Some of the newer online only banks are retail only and therefore in this category. Building societies are special types of retail banks which concentrates on providing housing loans to private individuals and many building societies are cooperatives owned by their customers. The worlds largest society is Nationwide Building Society UK. Credit Unions are like building societies but focussing on small credit loans to their members. For example University Federal Credit Union USA. Community Banks in the US are either privately owned or cooperatives.
4	Investment Bank	Yes	Company	Provides mainly investment and advisory services for Large Corporates and investments by the bank itself. Products include merger and acquisition arrangements, equity underwriting and advisory services. But can include lending and capital markers operations as well.	Many universal banks will have an investment banking department. But there are relatively few pure investment banks. Lehman Brothers (bankrupted in 2008), Bear Stearns (taken over in 2008) and Barings (defaulted 1995) are examples of pure investment banks. Lazard is a rare example of a still independent investment bank.
5	Private Bank	Yes	Company	Provides mainly services to 'High Net Worth Individuals'	Only use this category for banks which specialize in private banking as their main product. Many commercial, universal, retail and investment banks have a private banking business line but should be placed in the above categories(1 to 4). Julius Baer and Lombard Odier of Switzerland.
6	Credit Company (consumer, car, equipment), including commercial credit insurers.	No	Company	Financing of small assets and short term loans.	Examples include payday lenders, hire purchase companies, car leasing companies. Also includes companies providing insurance on the credit worthiness of buyers of goods, so called credit insurers eg. Euler Hermes, Credendo.
7	Real Estate – mortgage or leasing	No	Company	Financing of Real Estate.	Specialized home mortgage financing companies. Commercial Real Estate long term leasing (renting).
8	Government Agency (re-finance or guarantee)	No	Agency	Not allowed from H1 2019 onwards.	If it is government owned it should be treated as entity class Sovereign or Federal States & Provinces.
9	Factoring	No	Company	Financing of trade debtors by purchase of invoices at discount.	Specialized factoring companies for example DAS Factoring Netherlands, American Receivable.
10	Mutual Fund (Investment, Geared, Unit Trust, ETF, REIT)	No	Trust	See definition in 101 and 102	From H1 2019 members are encouraged to use either 101 or 102 instead. For example Black Rock.
101	Mutual Fund (Investment, Geared, Unit Trust, ETF) - excluding REIT.	No	Trust	It is a cooperative investment vehicle managed by a professional fund company or bank, which pulls retail and wholesale investors money and invests it in specific classes of assets. An ETF (Exchange Traded Fund), which could be invested in anything, included indexes. An Unit Trust can be listed or unlisted and normally invests in a portfolio of liquid and non liquid assets. All mutual funds can either be leveraged with borrowings (geared) or only invest the money put in by the investors (ungeared).	New from H1 2019. Money only invested in Real Estates are called REIT (see 102).
102	Real Estate Investment Trust (REIT)	No	Trust	A specialised type of mutual funds investing in Real Estate. May be geared or ungeared, listed or unlisted. Could be single property or multiple buildings. Could be limited (closed end) or unlimited time horizon.	New from H1 2019
11	Hedge Fund	No	Trust	Normally use options and derivatives to take a directional bet on asset markets(often a downwards bet). And are normally not listed.	The use of auctions and derivatives makes the investment highly geared and very volatile in value.
12	Pension Fund (provident, retirement etc)	No	Trust	Mutual investment for retirement.	Normally invests in a mix of bonds, equities or real estate. Low or no
13	Brokerage	No	Company	This is intermediary in the financial markets, which takes a commission from put in trades between investors and investment managers, for example.	Brokerages can also their own risk portfolios which is where they will require bank facilities. It also takes settlement risk.
14	Asset Management	No	Company	Company providing management services for mutual funds, pension funds, hedge funds, securitization vehicles and similar. These companies can also perform active management of non pooled equity and bonds invested for their customers.	Where the exposure is to the assets being managed, then the banks counterparty is normally a mutual fund (see 10, 101, 102, 11 and 12).
15	Financial Processing Services	No	Company	This is only for companies carrying out transactions but not taking or giving credit, market or investment risk.	For example money transfer services. This would not include payday loan companies, which should be classified as a consumer credit (6).
16	Insurance (and re-) company (public or mutual)	No	Company or Cooperative	It insures private people and companies to the risk of loss due to specified events, eg. Fire, Motor Vehicle theft or accident, flood, sickness or death. Reinsurers insure the insurance companies by buying their risk.	
17	Insurance related Services	No	Company	This is only for companies carrying out insurance transactions but not taking or giving insurance risk.	For example insurance brokers.
18	Financial and Non-Financial Group	No	Company	Belongs to a larger group but is autonomous enough not to be reported under the industry of that group (i.e. the industry of the group is not 600) and it is not specialised enough to be reported in one of the above categories of financial companies.	For example a General Motors Finance Cooperation, which is independent is of GM the car company, but not specialised enough to be reported as a credit company(6) or an insurance company (16).



**Securitisations Vehicles (eg. CDO's)****No****Trust**

Pooled investment activity where the pool of funds acts as a legal entity but is managed by an investment management or asset management company.

Banks normally take a credit risk on securitizations by buying Collateralized Debt Obligation (CDO's), Commercial Mortgage Backed Security (CMBS) and similar. These assets are often held in the trading book but can be in the banking book. The 2009 financial crisis contained many examples of failed tranches of CDO's.

*\*Financial Institutions who are registered banks are allowed by their regulator to accept deposits from the public but are strictly controlled to ensure they are safe. In many countries bank deposits are guaranteed by the government eg. Europe and the USA. Banks can still default and become bankrupt but often will be reorganized with government equity eg. Northern Rock and Monte De Paschi.*

*\*\* **Company** refers to a legal entity which could be publicly listed or privately owned. - **Cooperative** refers a legal entity owned by its members who are normally its customers. - **Trust** refers to a pooled investment activity where the pool of funds acts as a legal entity but is managed by an investment management or asset management company.*



**Global Credit Data**

*by banks for banks*

# Documentation Improvements

Bank or Financial Company & User Handbook

LGD Subcommittee February 5<sup>th</sup> 2019

# Bank or Financial Company: Change existing field

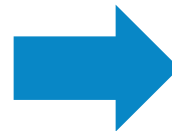
Table	Field	Definition	Data Type	Priority	Provide only if (otherwise leave empty)	Mandatory under condition	Provide with certain value	Lookup	Warning for unsatisfactory value	Escape Clause
Entity	Bank_Or_Financial_Company	Provides further information on the type of Bank or Financial Company being reported	INTEGER	Cm	Entity_Asset_Class = 4 or 8	Entity_Asset_Class = 4 or 8	1,2,3,4 or 5 if Entity_Asset_Class = 4 6 to 19 if Entity_Asset_Class = 8	Bank_or_Financial_Company_Lookup	Empty if Primary_Industry_Code = 600	-

Proposal to add two items and delete one item

## Old

10 Mutual Fund (Investment, Geared, Unit Trust, ETF, REIT)

8 Government Agency (re-finance or guarantee)



Details see next slide

## Proposal

101 Mutual Fund (Investment, Geared, Unit Trust, ETF) - excluding REIT.

102 - Real Estate Investment Trust (REIT)

~~8 Government Agency (re-finance or guarantee)~~

# Bank or Financial Company : Change existing field

Bank_Or_Financial_Company	Description	Registered Bank*	Type of Organization**	Definition	Comment
10	Mutual Fund (Investment, Geared, Unit Trust, ETF, REIT)	No	Trust	See definition in 101 and 102	From H1 2019 members are encouraged to use either 101 or 102 instead. For example Black Rock.
101	Mutual Fund (Investment, Geared, Unit Trust, ETF) - excluding REIT.	No	Trust	It is a cooperative investment vehicle managed by a professional fund company or bank, which pulls retail and wholesale investors money and invests it in specific classes of assets. An ETF (Exchange Traded Fund), which could be invested in anything, included indexes. An Unit Trust can be listed or unlisted and normally invests in a portfolio of liquid and non liquid assets. All mutual funds can either be leveraged with borrowings (geared) or only invest the money put in by the investors (ungeared).	New from H1 2019. Money only invested in Real Estates are called REIT (see 102).
102	Real Estate Investment Trust (REIT)	No	Trust	A specialised type of mutual funds investing in Real Estate. May be geared or ungeared, listed or unlisted. Could be single property or multiple buildings. Could be limited (closed end) or unlimited time	New from H1 2019

*Separate:*

10 - Mutual Fund (Investment, Geared, Unit Trust, ETF, REIT)

*Into:*

101 Mutual Fund, excluding REIT.

102 Real Estate Investment Trust

Affected Portfolio?

Currently in the database there are 202 Mutual Funds. Banks would not have to resubmit old data, but banks are encouraged to update if possible.

- ❑ Delete Government Agency (re-finance or guarantee), not used in current database.

Bank_Or_Financial_Company	Description	Registered Bank*	Type of Organization**	Definition	Comment
8	Government Agency (re-finance or guarantee)	No	Agency	Not allowed from H1 2019 onwards.	If it is government owned it should be treated as entity class Sovereign or Federal States & Provinces.

# Proposal Bank or Financial Company – Validation Rule

□ Impact on Validation Rule ENT079.

Table	Validation ID	Data Field	Trigger	Message	Type	Correctness / Completeness
Entity	ENT079	Bank_Or_Financial_Company	Bank_Or_Financial_Company <> 6 to 19 or 101, 102 and Entity_Asset_Class = 8	ENT079: Bank_Or_Financial_Company (%Bank_Or_Financial_Company%) must equal 6 to 19 or 101 and 102 when Entity_Asset_Class is 8.	Error	Correctness

*Do we agree with the proposed changes on the Bank or Financial Company Lookup (Firm Proposal) and Validation Rule ENT079 (Decision)?*





# Global Credit Data

*by banks for banks*

# User Handbook

# Documentation Improvement Roadmap

## Integration Documents to one single document

Including:

- Old DMUG
- Current DMUG
- Appendix LGD Report
- Project Finance guidance notes
- New: FAQ section

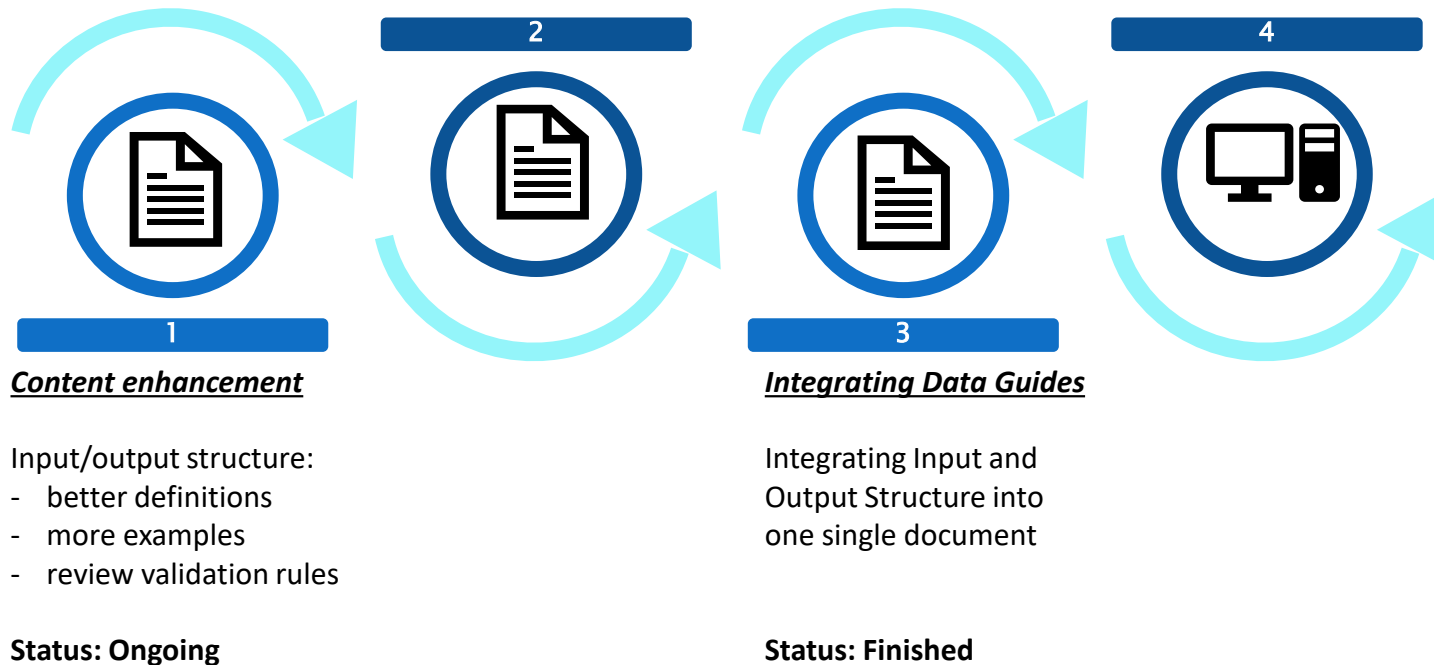
Status: Proposal February 2019

## Tooling

Integrate contents in an interactive tool.

eg. WikiDocs, Confluence

Status: Not Started

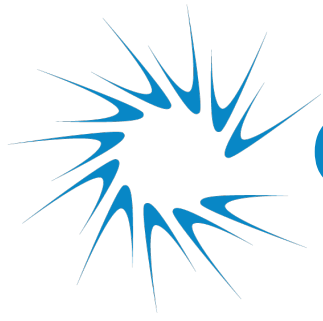


# Proposal User Handbook

- ❑ Do we agree with the presented User Handbook, having this comprised document as the document to work with onwards?



# Item 3



**Global Credit Data**

*by banks for banks*

# Industry Data Enhancement

Validation Rules

LGD Subcommittee February 5<sup>th</sup> 2019

# Approved changes for H1 2019

In previous subcommittee and methcom the following items were approved:

- 1) Entity Table – Input template changes
  - a. New column: Raw\_Industry\_code (optional field)
  - b. New column: Raw\_Industry\_code\_type (optional field)
  - c. New column: Raw\_Industry\_code\_description (optional field)
- 2) Look up changes
  - a. Revised Primary\_Industry\_Code lookup field, changes to include the new 26 subcategories.

Raw_Industry_code_type	Code	Description
1	NAICS(2012)	North American Industry Classification System (v2012)
2	NACE(2007)	Nomenclature of Economic Activities (v2007)
3	GICS	Global Industry Classification Standard
4	ANZSIC	Australian and New Zealand Standard Industrial Classification
5	UK SIC(2007)	UK Standard Industry Classification (v2007)
99	GCD Industry Code	GCD Industry Code

# Approved Revised Industry Codes lookup

Industry Code	Description
100	Agriculture, Hunting and Forestry
1001	Agriculture
1002	Hunting
1003	Forestry
150	Fishing and Fishing Products
200	Mining
2001	Mining - Oil & Gas Extraction (Upstream)
2002	Mining - Metals and Nonmetals except Oil & Gas
250	Manufacturing
2501	Manufacturing - Automotive
2502	Manufacturing - Chemicals
2503	Manufacturing - Food and Beverage
2504	Manufacturing - Oil & Gas (Downstream)
2509	Manufacturing - Other
300	Utilities
3001	Utilities - Oil & Gas
3009	Utilities - Other (excluding Oil & Gas)
350	Construction
400	Wholesale and Retail Trade
4001	Wholesale and Retail Trade - Automotive
4002	Wholesale and Retail Trade - Durable Goods
4003	Wholesale and Retail Trade - Nondurable Goods
4004	Wholesale and Retail Trade - Other
450	Hotels and Restaurants
4501	Hotels
4502	Restaurants and Food services

NEW CODE  
EXISTING CODE

500	Transportation and Storage
5001	Transportation - Air Transport
5002	Transportation - Rail Transport
5003	Transportation - Water Transport
5004	Transportation - Road Transport
5005	Transportation - Oil & Gas (Midstream)
5009	Transportation - Other
5010	Warehousing and Storage
550	Communications
600	Finance and Insurance
650	Real Estate and Rental and Leasing
700	Professional, Scientific and Technical Services
750	Public Administration and Defense
800	Education
850	Health and Social Services
900	Other Community, Social and Personal Services
950	Private Sector Services (Household)
990	Extra-Territorial Services and Organizations
995	Individual
-1	Unknown

- ❑ 7 Industry codes are expanded to have 26 subcategories.
- ❑ Industry Code 310 (Utilities – Not regulated) and 320 (Utilities – Regulated) are deleted.

# Proposal Validation Rules

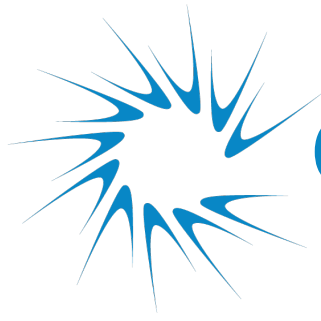
The changes around the Raw Industry Codes and the Primary Industry code impacts the following validation rules:

- Delete: LOAN093, Industry Code 310 will not be used anymore (and was not used in the current database).
- Add: ENT093, ENT094 and ENT095.

	Table	Validation ID	Data Field	Trigger	Message	Type	Correctness / Completeness	Introduced
Delete	Loan	LOAN093	Facility_Asset_Class	Facility_Asset_Class <> 1 or 2 and Primary_Industry_Code = 310.	LOAN093: Facility_Asset_Class (%Facility_Asset_Class%) must equal 1 or 2 when Primary_Industry_Code equals 310 .	Error	Correctness	H1 2016
new	Entity	ENT093	Raw_Industry_Code_Type	Raw_Industry_Code_Type not in Industry lookup	ENT093: Raw_Industry_Code_Type (%Raw_Industry_Code_Type%) must exist in the Industry_Standard_Type lookup.	Error	Correctness	H1 2019
new	Entity	ENT094	Raw_Industry_Code_Type	Raw_Industry_Code_Type is empty	ENT094: Raw_Industry_Code_Type must be given	Warning	Completeness	H1 2019
new	Entity	ENT095	Raw_Industry_Code_Type	Raw_Industry_Code is empty and Raw_Industry_Code_Type is filled OR Raw_Industry_Code is filled and Raw_Industry_Code_Type is empty	ENT095: When provided a Raw_Industry_Code or Raw_Industry_code_Type, then Raw_Industry_Code and Raw_Industry_code_Type must both be given	Error	Correctness	H1 2019

*Do we agree with the proposed addition and deletion of the Validation Rules to support the implementation of the Raw Industry Codes.*

# Item 4



**Global Credit Data**

*by banks for banks*

# Data Quality

Validation Rules

LGD Subcommittee February 5<sup>th</sup> 2019

# Proposal Validation Rules H1 2019 – Financial Industry

From Executive perspective it might be good to change the following Validation Rules:

- ENT081 and LOAN063 which are currently blocking the option to put the holding companies as industry codes 600 (Finance and Insurance) and facility asset class 11 (private banking). Include Corporates (1) and High Net Worth Individuals (9). Proposed changes:

Table	Validation ID	Data Field	Trigger	Message	Type	Correctness / Completeness
Loan	LOAN063	Facility_Asset_Class	Primary_Industry_Code = 600 and Facility_Asset_Class <> 3 or 11	LOAN063: Facility_Asset_Class(%Facility_Asset_Class%) must be 3 or 11 when Primary_Industry_Code = 600.	Error	Correctness

Table	Validation ID	Data Field	Trigger	Message	Type	Correctness / Completeness
Entity	ENT083	Bank_Or_Financial_Company	Bank_Or_Financial_Company is filled and (Entity_Asset_Class <> 1,4,8 or 9) or primary_industry_code <> 600	ENT083: Bank_Or_Financial_Company (%Bank_Or_Financial_Company%) must only be given if Entity_Asset_Class equals 1,4,8 or 9 and primary_industry_code = 600	Error	Correctness



# Proposal - Delete unnecessary Validation Rule

- We have ENT029: Entity\_Asset\_Class (%Entity\_Asset\_Class%) must equal 4 or 8 when Facility\_Asset\_Class equals 3. And ENT060: Entity\_Asset\_Class (%Entity\_Asset\_Class%) must be 1 or 9 when Facility\_Asset\_Class equals 11. We could delete ENT081, which is a duplication.

Table	Validation ID	Data Field	Trigger	Message	Type	Correctness / Completeness
Entity	ENT081	Entity_Asset_Class	Entity_Asset_Class <> 4 or 8 and Primary_Industry_Code = 600 and Entity_Type <> 2	ENT081: Entity_Asset_Class (%Entity_Asset_Class%) must be 4 or 8 when Primary_Industry_Code = 600 and Entity is a Borrower or Borrower/Guarantor.	Error	Correctness

*Do we agree with the proposed change and deletion of Validation Rules to enable linking the Industry Code 600 to Facility Type 11 (private banking)?*

# Proposal Validation Rules H1 2019 – Year of Construction

Year of Construction does not have an Escape Clause and must be reported in the format YYYY (COLL120).

- Include the escape clause so banks don't add 9999 or 2099 as escape clause
- use VR Error to avoid Year of construction in the future
- No Remapping required for existing data of former members

Table	Validation ID	Data Field	Trigger	Message	Type	Correctness / Completeness
Collateral	COLL120	Year_Of_Construction	Year_Of_Construction format <> YYYY or (-1)	COLL120: Year_Of_Construction Date should be reported in the format = YYYY or use the escape clause (-1)	Error	Correctness
Collateral	COLLXXX	Year_Of_Construction	Year_Of_Construction gt year of submission	COLLXXX: Year_Of_Construction Date should not be in the future.	Error	Correctness

*Do we agree with the proposed change on Validation Rule COLL120 and the new Validation Rule to store future dates on the Year of Construction?*

# Item 5