



**EUROPEAN CENTRAL BANK**  
BANKING SUPERVISION

## Template for comments

### ECB Guide on effective risk data aggregation and risk reporting

**Institution/Company**

UniCredit S.p.A.

**Contact person****Mr/Ms****First name****Surname****Email address****Telephone number**

Please tick here if you do not wish your personal data to be published.

**General comments**

[Institution] welcomes the opportunity to provide comments on the ECB Guide on effective risk data aggregation and risk reporting (RDARR).

## Template for comments

### ECB Guide on effective risk data aggregation and risk reporting

Please enter all your feedback in this list.

When entering feedback, please make sure that:

- each comment deals with a single issue only;
- you indicate the relevant chapter/ section/ paragraph, where appropriate;
- you indicate whether your comment is a proposed amendment, clarification or deletion; and
- you include a rewording suggestion in case of a proposed amendment.

**Deadline:** 6 October, 2023

ID	Chapter/ section	Sub-point/ bullet/ paragraph	Page	Type of comment	Detailed comment	Concise statement as to why your comment should be taken on board	Name of commenter	Personal data
1	3.2 Sufficient scope of application	3.2.1. (b)	7	Clarification	<p>"...the scope of the data governance framework should comprise ... Financial reports that are published on at least a quarterly basis".</p> <p>The inclusion of financial reports in the minimum scope seems a kind of overruling due to the following two main reasons:</p> <p>1. Many of the founding principles are already strictly applicable to the financial reporting process. There are numerous regulations, also at local level (e.g. in Italy Law 262/2005), that set high standards and clear responsibilities for both the management body and the top management of banks (C-level).</p> <p>2. On the other hand, there are principles not relevant for financial statements that are set in a context of prescriptive rules in terms of content, frequency, distribution and market disclosure.</p>	Need for explicit clarification of the interplay with BCBS 239		Don't publish
2	3.1 Responsibilities of the management body	3.1	5	Clarification	<p>With reference to the Management Body in Par 3.1. does it refer to the Management Body in its supervisory Function or Management Body in its management function (in case there are 2 separated bodies for each of the functions, in line with national law)?</p>	Clear specification of what shall be applied to Management Body in its Supervisory Function and Management Body in its management function is crucial		Don't publish

3	3.1 Responsibilities of the management body	3.1.3	5	Clarification	<p><i>"The management body should select <b>at least one of its members to exercise this responsibility</b> (Overseeing, prioritising and monitoring key deliverables within the agreed timelines of the remediation programmes as well as regularly assessing RDARR capabilities in relation to the best practices described in the BCBS 239 principles)".</i></p> <p>How should it be implemented exactly, e.g. should there be formal entitlement of one of the members "responsible for RDARR"? For one year or permanently?</p>	Depending on exact expectation impact on Governance may vary		Don't publish
4	3.1 Responsibilities of the management body	3.1.4	5	Clarification	<p><i>"Setting clear roles and responsibilities for RDARR within the business organisation (including relevant committees), as well as particular roles and responsibilities described in Section 3.3." – it is not clear if the expectation foresees the existence of specific committees, focused on RDARR, as it is not then clarified in section 3.3., or other committees (not specifically RDARR committees) can address RDARR relevant topics</i></p>	Missing clarification on a point, mentioned only once		Don't publish
5	3.1 Responsibilities of the management body	3.1.6	6	Clarification	<p><i>"Regularly confirming that the internal risk, supervisory and financial reports are meaningful and well balanced in terms of qualitative and quantitative information and are able to contribute to sound decision-making."</i> Differently from internal risk reports, some supervisory and financial reports can have pre-defined structure and content, therefore, having limited room for assessment of their meaningfulness and balance in terms of qualitative and quantitative information. How this aspect shall be applied?</p>	Missing clarification on effective application		Don't publish

	3.1 Responsibilities of the management body 6	3.1.7	7	Amendment	<p>The reading of the following piece of the guide is not completely clear:  <i>“the management body of each significant institution is responsible for the following:</i>  <i>7. Ensuring that members of the management body and internal control functions, including the heads of risk management, compliance and audit, have a sufficient understanding of data management, IT and financial and non-financial risks as well as the related data and reporting requirements.</i>  <i>If required for their position or institution, the management body should ensure members have sufficient skills and experience in those same areas.”</i>  <i>while it is very clear the reference regarding the internal control functions’ heads, it is less clear which of the two functions of management body the document refers to whether this indicates that management body in which of its 2 functions (as per previous question) shall ensure its own members having sufficient knowledge. Also it is not clear the repetition of “the management body should ensure members have sufficient skills and experience in those same areas”.</i>  <b><i>the proposed rewording</i></b>  <b><i>the management body (specified in which function) of each significant institution is responsible for the following:</i></b>  <i>7. Ensuring that members of the management body and internal control functions, including the heads of risk management, compliance and audit, have a sufficient understanding of data management, IT and financial and non-financial risks as well as the related data and reporting requirements.</i>  <b><i>to delete: If required for their position or institution, the management body should ensure members have sufficient skills and experience in those same areas.”</i></b></p>	Without amendment it is hard to understand and effectively apply		Don't publish
	3.1 Responsibilities of the management body 7	3.1.8	6	Clarification	<p>Who should review, on an ongoing basis, that the knowledge, skills and experience of its members relating to data management, IT and financial and non financial risks, as well as the related data and reporting requirements, are considered when assessing the overall suitability of each member?</p>	Need for details for effective application		Don't publish

8	3.2 Sufficient scope of application	3.2.1. (b)	7	Clarification	"..the scope of the data governance framework should comprise ... Financial reports that are published on at least a quarterly basis". Most part of the BCBS principles are applicable to FS (e.g. Accuracy, completeness, timeliness, comprehensiveness) even without an explicit mentioning in the new guide. Some others (e.g. adaptability, usefulness, distribution) are not applicable.	Need for explicit clarification of the interplay with BCBS 239		Don't publish
9	3.2 Sufficient scope of application	3.2.1 (a)	7	Clarification	Does the Compliance report fall into this category? (i.e., besides the cross-section between risk reports and compliance area) should this area be included also as a standalone area?	Clarification needed to better understand the scope		Don't publish
10	3.3 Effective data governance framework	3.3.1	7	Amendment	In the phrase " <i>contributing to the definition of data controls and the classification of key risk data</i> " - should "risk data" be understood in a broader sense? Looking at the scope, there may be data that is not strictly risk, but financial or other but falls inside the scope  the proposed wording " <i>key data</i> " without word "risk"	Current wording may cause conflicting interpretation of the areas in scope		Don't publish
11	3.3 Effective data governance framework	3.3.3	8	Clarification	The guide indicates that Validation function " <i>should perform regular assessments of the institution's RDARR capabilities for all material entities and risk types, and cover all components of the RDARR processes</i> " - the extended scope of application indicated in the guide, comprising not only internal risk reports but also e.g. Financial reports, subject to specific controls like Bank of Italy Circ. 262 and independent external and internal Audit The requirement should be related to the assessment of an independent function to be defined by the Bank, so that the Bank can decide how to split the responsibilities between Internal Validation and Internal Audit	Clarification is crucial for efficient application		Don't publish

12	3.3 Effective data governance framework	3.3.3	8	Clarification	<p>The guide indicates the following "<i>The adequate segregation of duties. This can involve (i) the separation of the validation function into two different units that each report to different members of senior management, (ii) the separation of the function into two different units that both report to the same member of senior management, or (iii) separate staff within the same unit</i>". In case Validation function already reports to the Chief Risk Officer the independency is guaranteed since the reports owner sits in different Departments, either within Risk or outside Risk. Which is the added value to have two distinct units within the Validation function? Should reports owned by Validation be in the scope, we expect the third line of defense to be in charge for their assessment</p>	Clarification is crucial for efficient application	Don't publish
13	3.6 Timeliness of internal risk reporting	3.6	11	Amendment	<p>With reference to the phrase "<i>For regular reporting, it is generally understood that institutions will not be able to react to changes in a timely manner if a monthly or quarterly risk report needs more than 20 working days to be produced.</i>" As in practice, given the agendas/calendar of Committees meetings it may be the case that there is a few-day lag between actual readiness of the data and the report presentation. It should be already the case that as soon as data are available the assessment of e.g. risk appetite threshold breaches is done immediately and if needed the escalation process with mitigation actions is immediately activated. Hence, it is more crucial to specify that the 20 working days period should be applied to the data availability, not exactly risk report as the timeline for this can be affected by "formal" limitations like exact days of Committees/submissions.</p> <p>The amended version proposal is the following: "For regular reporting, it is generally understood that institutions will not be able to react to changes in a timely manner if a monthly or quarterly risk <b>data</b> needs more than 20 working days to be produced.</p>	Amendment can help clarify the difference between formal report presentation and availability of data to take decisions	Don't publish