EUROPEAN CENTRAL BANK

BANKING SUPERVISION

DG-HOL/CRE and DG-SGO/TIN

ECB-PUBLIC
January 2024
FINAL

Instructions for supervised entities on how to complete the form reporting the validation results for internal models in the IMAS Portal

1. Introduction

This document provides instructions on how to complete the form reporting the validation results for internal models in the IMAS Portal. The annexes explain in detail the sequence of steps to follow when creating a new process and how to address the errors encountered when completing the form.

Significant institutions are required to report (as a minimum) the validation results for all approved internal models of credit, market and counterparty credit risk at consolidated level, allowing the ECB to gain insights into the performance of these models. Specifically for internal ratings-based (IRB) models, data obtained on the basis of reporting instructions are collected in a standardised way to assess a model‘s application, materiality and performance.

Only IMAS Portal users granted permission to access the top entity at the Single Supervisory Mechanism (SSM) can submit a validation reporting notification. The notification should be for the same entity (i.e. the top entity within the SSM).

Mandatory fields on the notification form are marked with a red asterisk.

2. General overview of forms for reporting the validation results for internal models

There are three different notification forms:

1. validation results for IRB models;
2. validation results for other Pillar I credit risk models;
3. validation results for internal model approach-internal model method (IMA-IMM) models.

2.1 Validation results for IRB models

The form for reporting IRB models' validation results consists of four tabs: "1. General information", "2. Validation reports", "3. Reporting templates" and "4. Other documents".

The tab labelled "1. General information" contains basic information regarding:

- the institution submitting the notification;
- the Legal Entity Identifier (LEI) code of the institution submitting the notification;
- any relevant comment that the bank wishes to share with the ECB about the notification.[1]

In the tab labelled "2. Validation reports", all the validation reports relevant to the models included in the notification should be added. **This tab must be completed before filling in the next tab**.

In the tab labelled "3. Reporting templates", the user can select a model and attach the individual Excel reporting template for that model, indicating the reference date for the observation cycle of the information reported in the template. In the "areas of investigation" table, the user should state which of the validation reports attached in tab 2 reflect the assessment. This section is organised by model type, so only the areas applicable to the relevant model type are displayed in each tab.

The tab labelled "4. Other documents" may be used to add any additional document considered relevant as supporting documentation but is not necessarily linked strictly to one model and area of assessment.

The uploaded files can be in any of the following formats: *.doc, *.docx, *.pdf, *.csv, *.xls, *.xlsx, *.ppt or *.pptx for "2. Validation reports" and "4. Other documents". The maximum file size for each document uploaded is 50MB. For "3. Reporting templates", however, only files in *.xlsx format can be uploaded and the maximum file size for each document uploaded is 10MB.

[1] Model-specific information relevant to the submission should be submitted within the Excel template of the standardised validation reporting.

2.2 Validation results for other Pillar I credit risk and IMA-IMM models

The two distinct processes for validation results for (a) other Pillar I credit risk models and (b) IMA-IMM models have two tabs: “1. General information” and “2. Documents”.

The tab labelled “1. General information” includes basic information on the institution, as specified in Section 2.1 above, as well as details on risk. This clarifies whether all the models relating to a particular risk type are included in the scope of the notification or, if not, which models are covered by the notification.

The tab labelled “2. Documents”, is used to add documents relating to validation reporting on the previously selected models.

Uploaded files can be in any of the following formats: *.doc, *.docx, *.pdf, *.csv, *.xls, *.xlsx, *.ppt or *.pptx for the tab labelled “2. Documents”. The maximum file size for each document uploaded is 50MB.

The forms can be submitted once all the mandatory fields have been completed.

3. Processes and messages in the IMAS Portal

Notifications are created as messages and listed in the “My Processes” tab in the portal with the status “Draft”, “Pre-notified”, “Notified”, “Completed” or “Cancelled”. These terms have the following meanings.

- **“Draft’’** means that the notification has not yet been submitted to the ECB. The form can still be changed and cannot yet be viewed by the ECB.
- **“Pre-notified”** means that the notification has been submitted to the ECB.
- **“Notified’’** is the result of an automatic transition which usually takes place at the end of a quarter. With this status it is still possible for an institution to amend information for models already submitted, on its own initiative or following a request from the ECB, but it is not possible to add or delete models or validation templates.
- **“Completed”** means that the Joint Supervisory Team (JST) has marked the corresponding internal task as complete. An automated message will appear when a process changes to “Completed”. The ECB may also reset the status to “Notified”.
- **“Cancelled”** means that the notification is discarded. Cancelled messages are shown alongside completed messages in the dashboard.

The message type “Request for information” is a channel for communicating with the ECB. It can be used by the JST or the Validation Expert Group to ask for additional details on the documentation if, for example, a relevant attachment is missing, the information included in the form is insufficient or the data submitted in the template are not consistent. You may reply only once to each “Request for information” message by sending an “Information” message and you can attach information to your answer. The status of the request for information will be “Received” and the status of your reply will be “Pending confirmation” before changing to “Notified”.

“Information” messages may also be sent to you. These are one-way messages with no option to reply. There is, however, an option to create a new, separate information message for the ECB, linked to the same notification.

“Pre-notified**”** status indicates that a notification has been successfully submitted to the ECB’s system and the supervisors have received it. A process usually remains in pre-notified status throughout a quarter. While a process has pre-notified status it is still possible to add and/or delete models to supplement or amend the initial submission. All the validation reports in a quarter should be added to the process until the quarter ends, meaning that users cannot draft or submit a new notification of model validation reporting for the same process type. At end of a quarter, the status of the process is automatically set by the system to “Notified”. From this moment the list of models is locked and it is not possible to make any more changes, although the existing notification can be amended by uploading a new template version for a model or adding or deleting documents from the submission.

To edit, update or complete the information contained in the notification of a model validation report submission, create a new message from within the relevant process and select the option “Update existing”. This enables you to easily modify your last submission and resubmit it.

Please contact your JST if, exceptionally, you need to withdraw a notification. The JST can delete a notification and change its status to “Cancelled”.
See Annex 4 for further details.

Annex 1: List of validation rules applied in internal model validation report forms

Please note that most of the validation checks are only performed after you have clicked on the “Submit” or “Save” buttons.

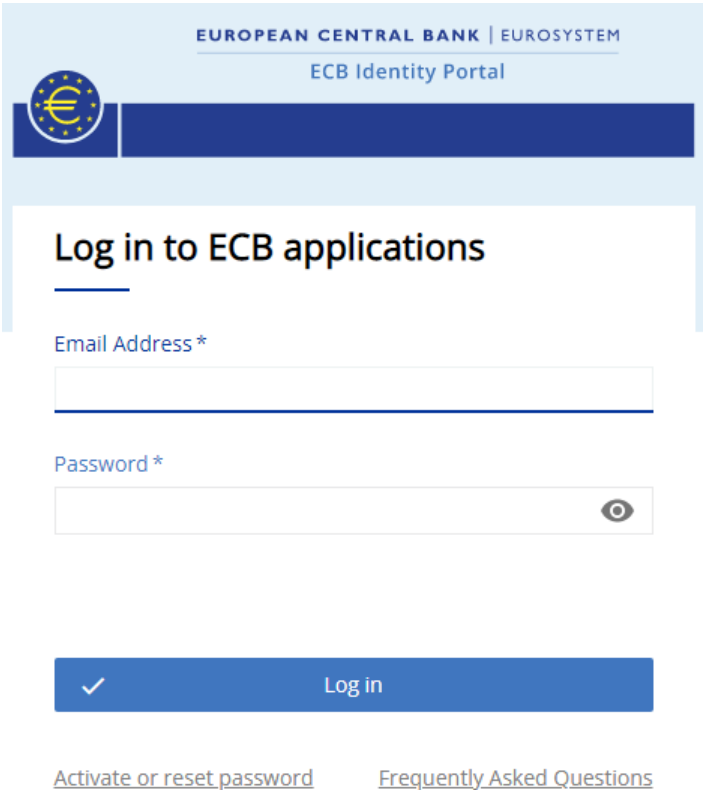
Tab	Validation rule	Error message	Solution
Subject line	Checks whether a subject has been entered (mandatory).	Subject is required.	Enter a descriptive subject.
2	Checks whether a validation report document has been uploaded.	The error will appear in tab 3 where it will not be possible to select validation reports under the areas of assessment.	Upload the validation document(s) related to this notification.
2	Checks that the uploaded documents are PDF, Word or Excel files and do not exceed the maximum file size.	The uploaded documents do not meet the specifications.	Only upload documents that meet the specifications.
3	Checks whether a reporting template has been added for at least one model (mandatory).	Please add a reporting template for at least one model.	Add a reporting template.
3	Checks whether the model added is valid (mandatory).	Please correct invalid rows before proceeding.	Correct the fields.
3	Checks whether a model has been selected from the dropdown menu (mandatory).	Model is required.	Select a model from the dropdown menu.

Tab	Validation rule	Error message	Solution
3	Checks whether the reference date has been selected from the calendar dropdown (mandatory).	Please enter the reference date: is required.	Enter the reference date by selecting it from the calendar dropdown.
3	Checks whether the corresponding reporting template has been uploaded (mandatory).	Document: Please add the corresponding reporting template is required.	Upload the corresponding reporting template.
3	Checks that the uploaded documents are Excel files and do not exceed the maximum file size.	The uploaded documents do not meet the specifications.	Only upload documents that meet the specifications.
3	Checks whether the areas of investigation assessed have been selected and whether the name of the validation report where this assessment is reflected has been selected.	Please select which areas of investigation are assessed.	Select the assessed areas of investigation and the respective validation reports in which the assessment is selected.

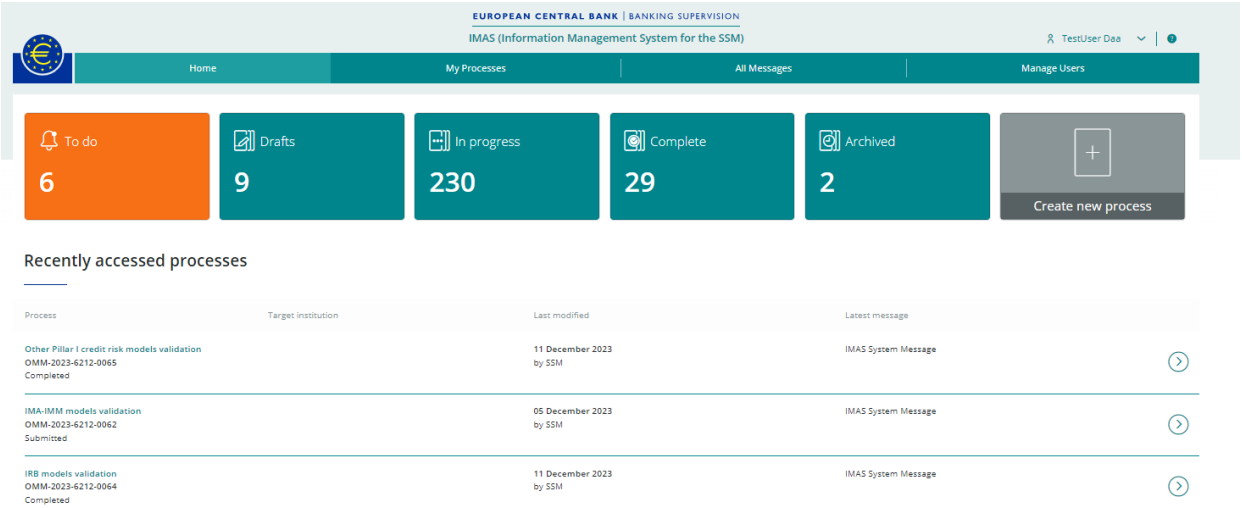
4	Checks that the uploaded documents are PDF, Word or Excel files and do not exceed the maximum file size.	The uploaded documents do not meet the specifications.	Only upload documents that meet the specifications.

Annex 2: Creating a new process for internal model validation reports

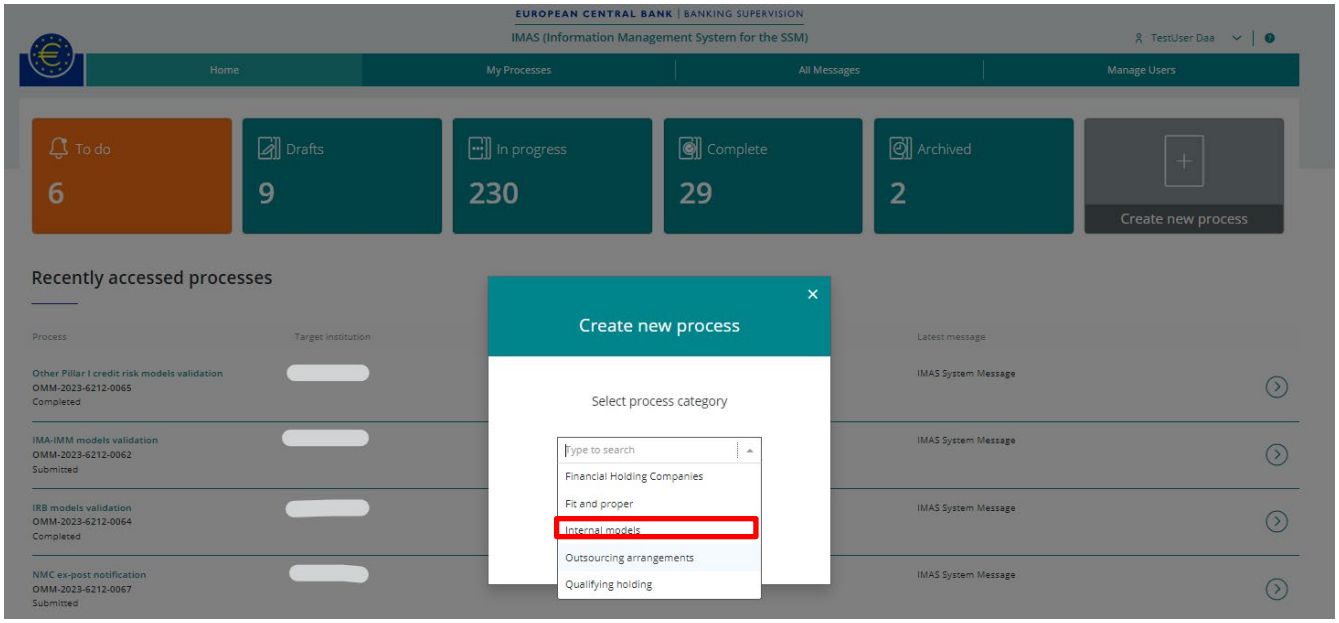
Log in to the IMAS Portal.



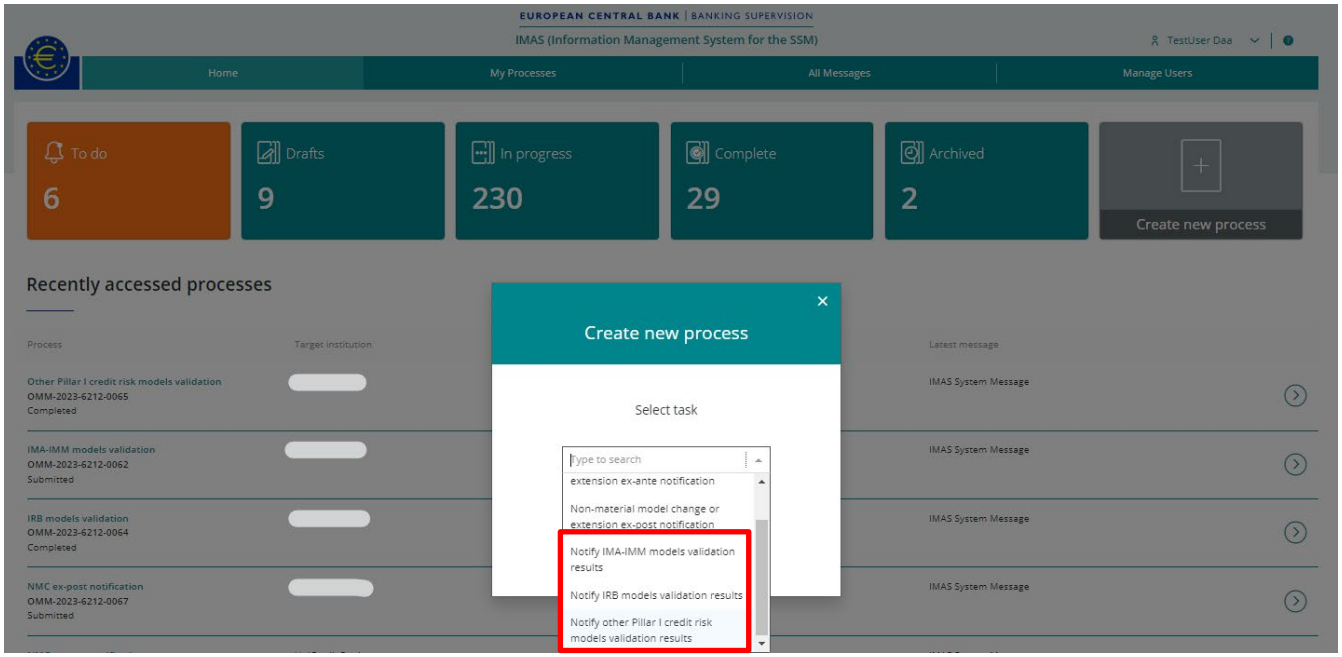
Click on “Create new process”.



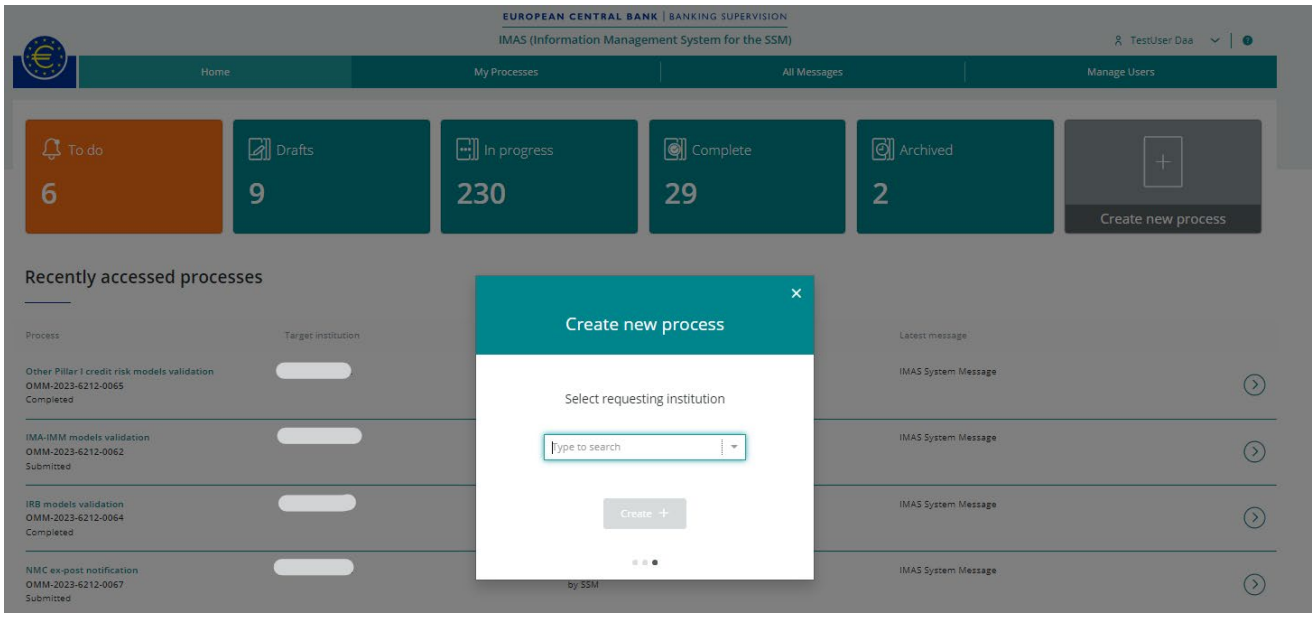
Select “Internal models” for the process category and click on “Next”.



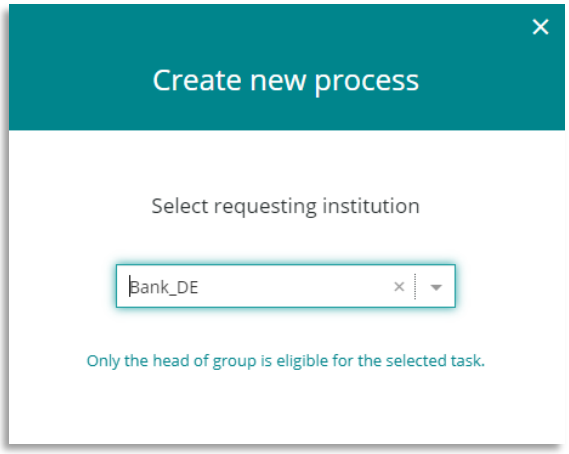
Select “Notify IRB models validation results”, “Notify other Pillar I credit risk models validation results” or “Notify IMA-IMM models validation results” for the type of task, then click on “Next”.



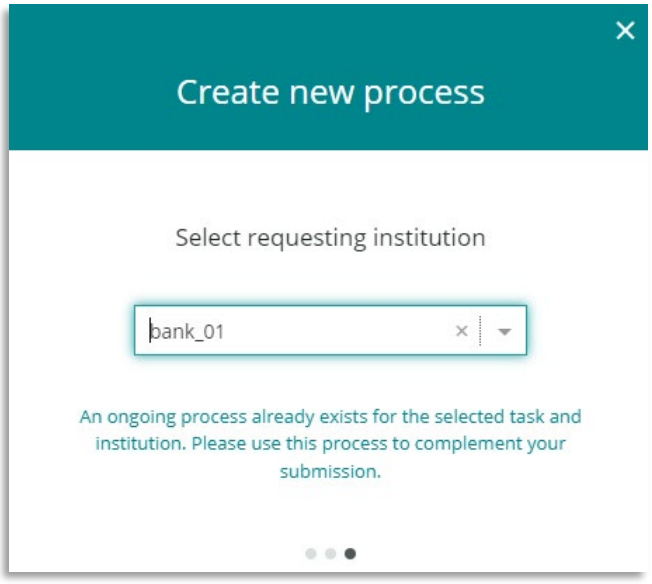
Select the requesting institution (i.e. the highest level of consolidation) from the dropdown list; the selected institution will be used in the “Name of the institution submitting the notification” field on the form.



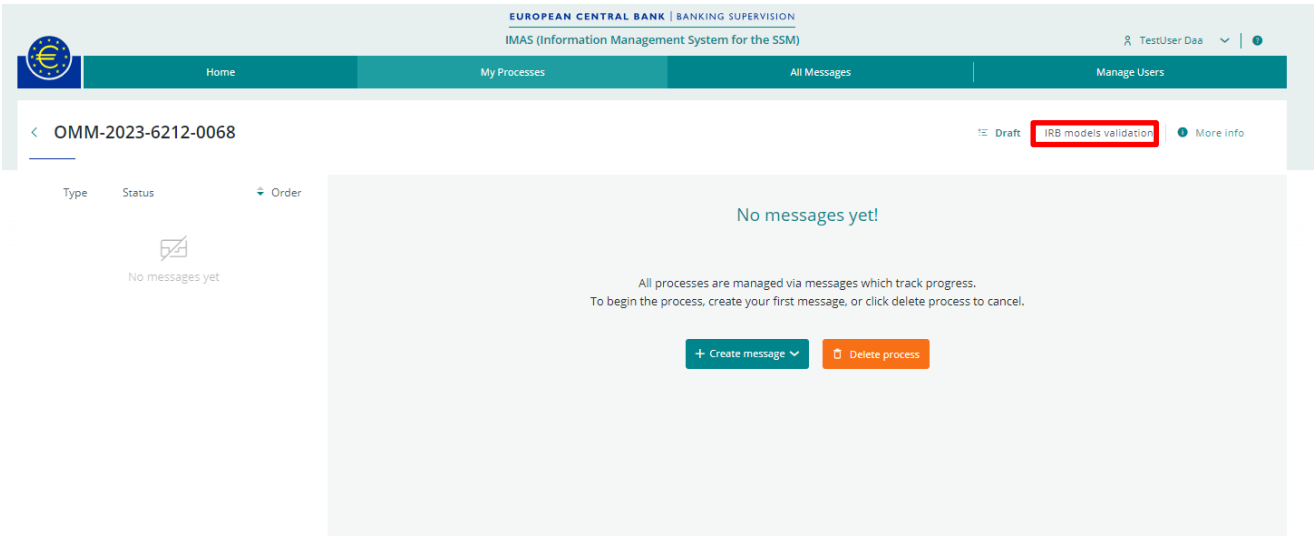
If the selected institution does not meet the criteria (i.e. not the highest level of consolidation) it is not possible to create a new process and a message is displayed under the drop-down:

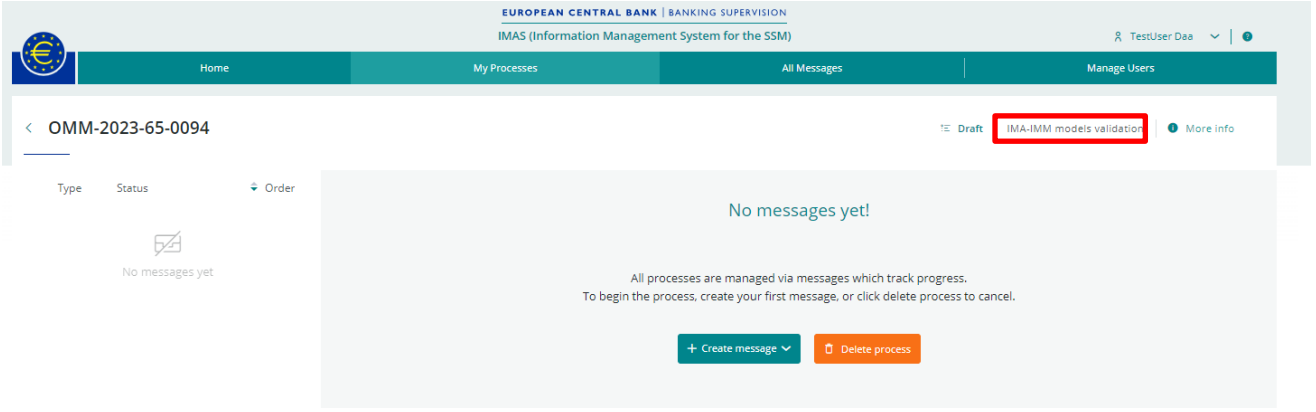


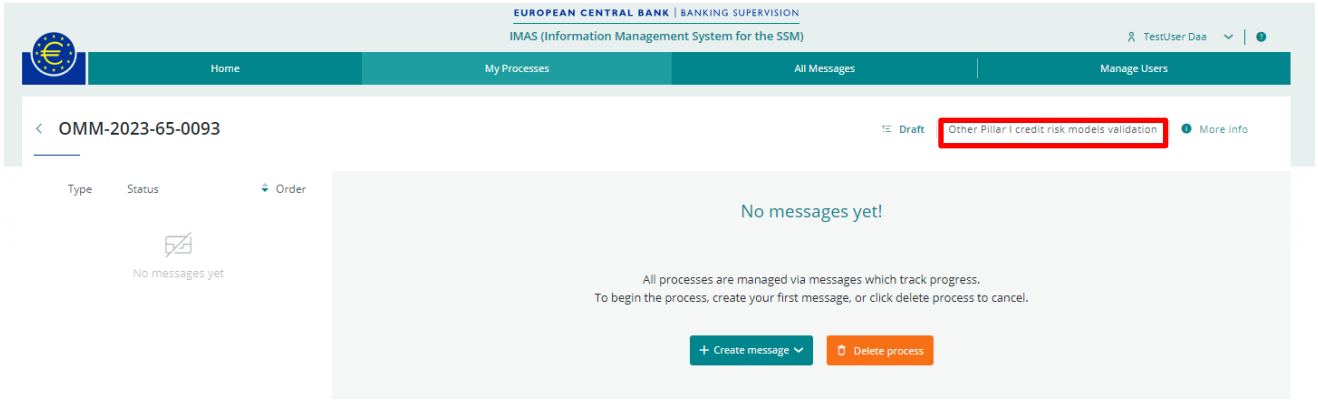
If a process already exists for the requesting institution that has pre-notified status it is not possible to create a new one: instead the existing process should be used to supplement the information or add more validation reports.



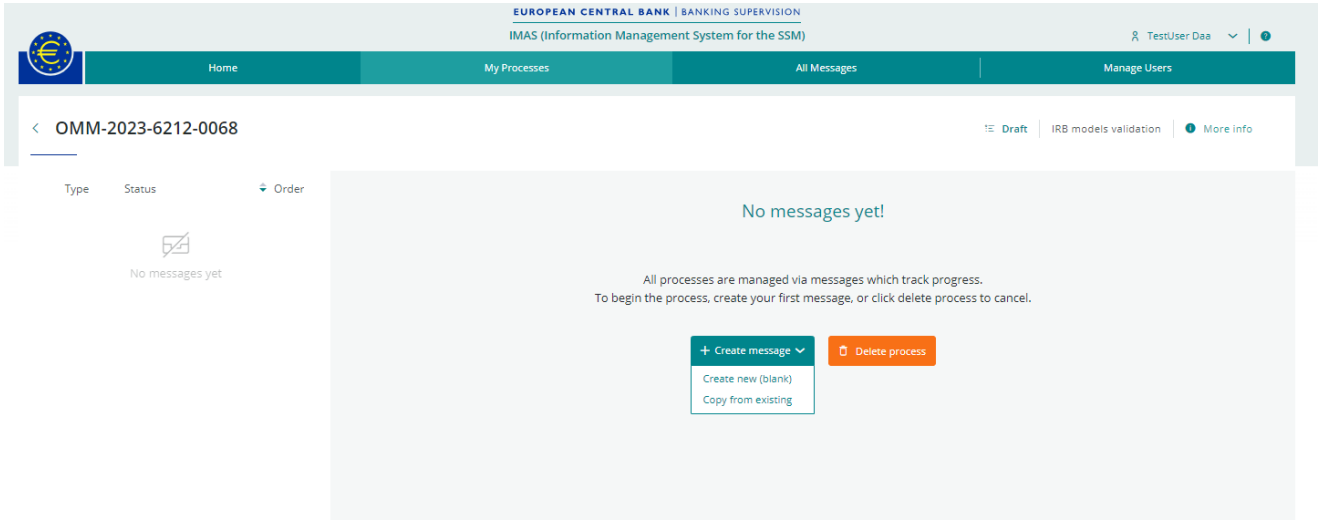
Click on “+ Create message”.



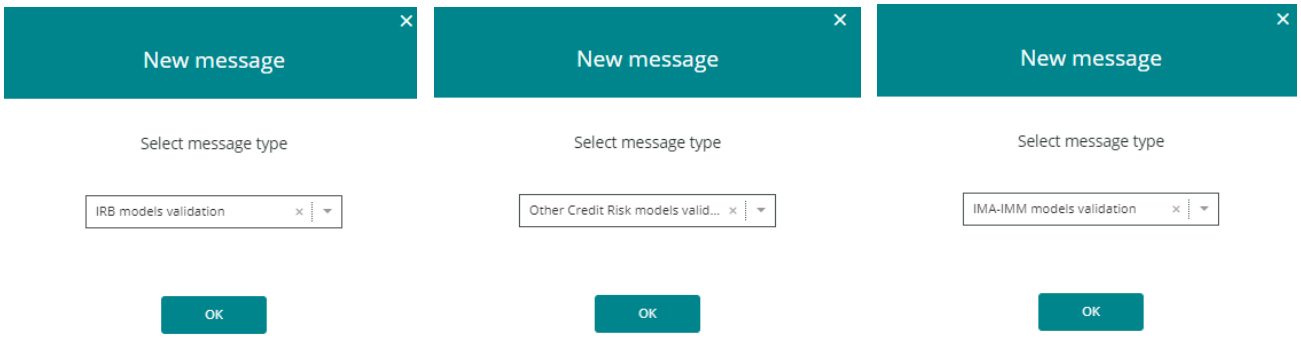



EUROPEAN CENTRAL BANK | BANKING SUPERVISION
IMAS (Information Management System for the SSM)
TestUser Daa
Home
My Processes
All Messages
Manage Users
OMM-2023-65-0093
Draft
Other Pillar I credit risk models validation
More info
Type
Status
Order
No messages yet
No messages yet!
All processes are managed via messages which track progress.
To begin the process, create your first message, or click delete process to cancel.
Create message
Delete process

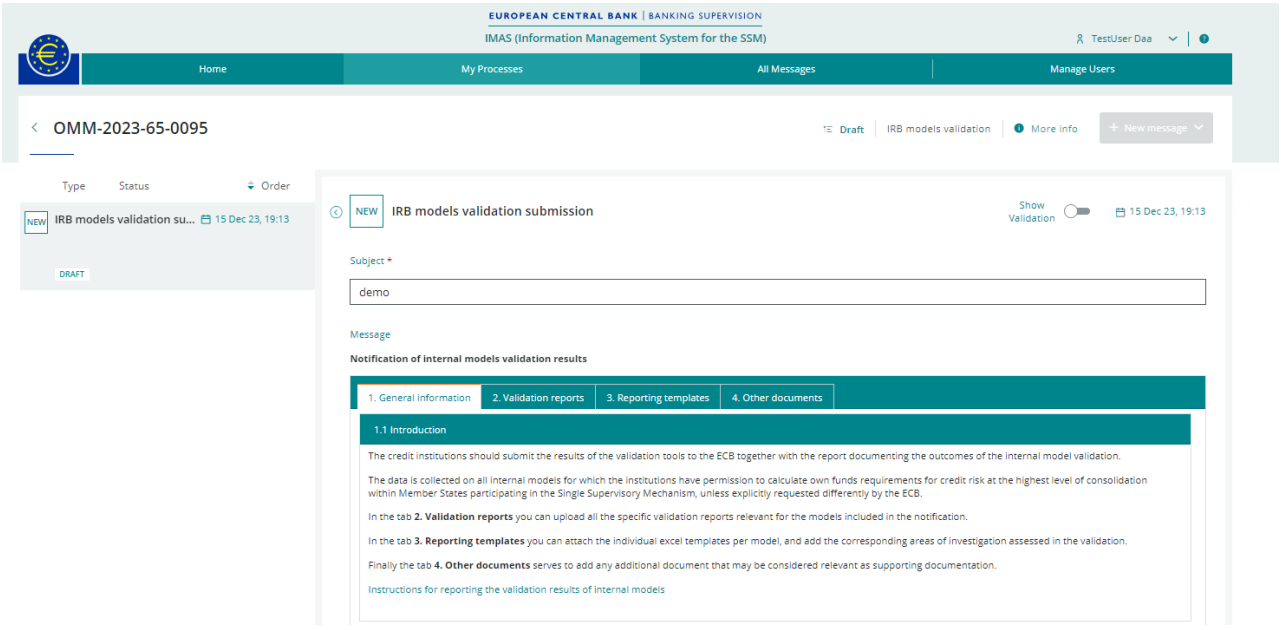
Select “Create new (blank)” or choose “Copy from existing” if you want to reuse the content of a previous notification.

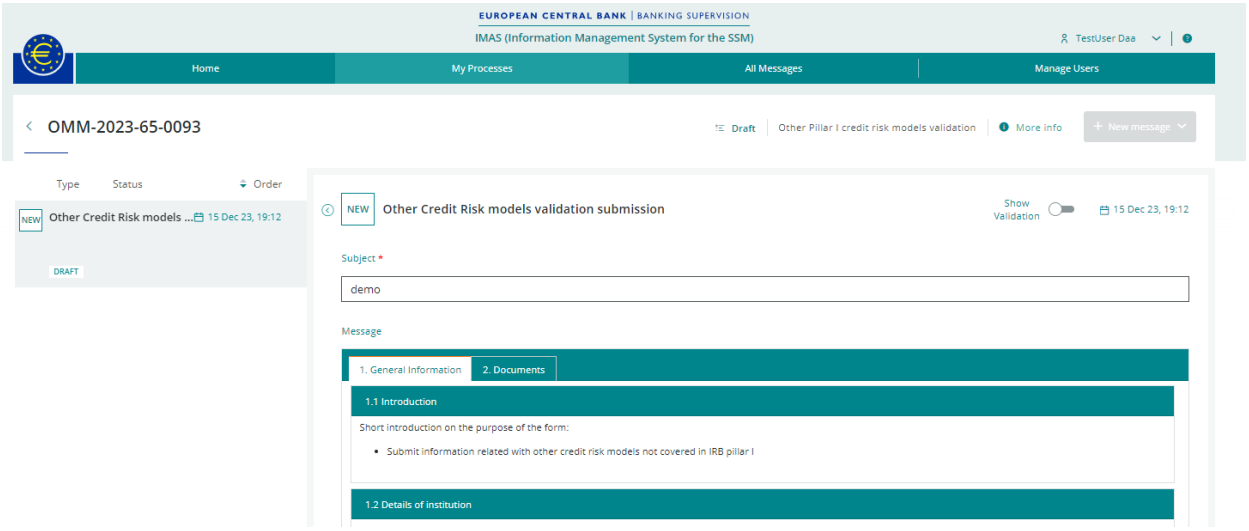


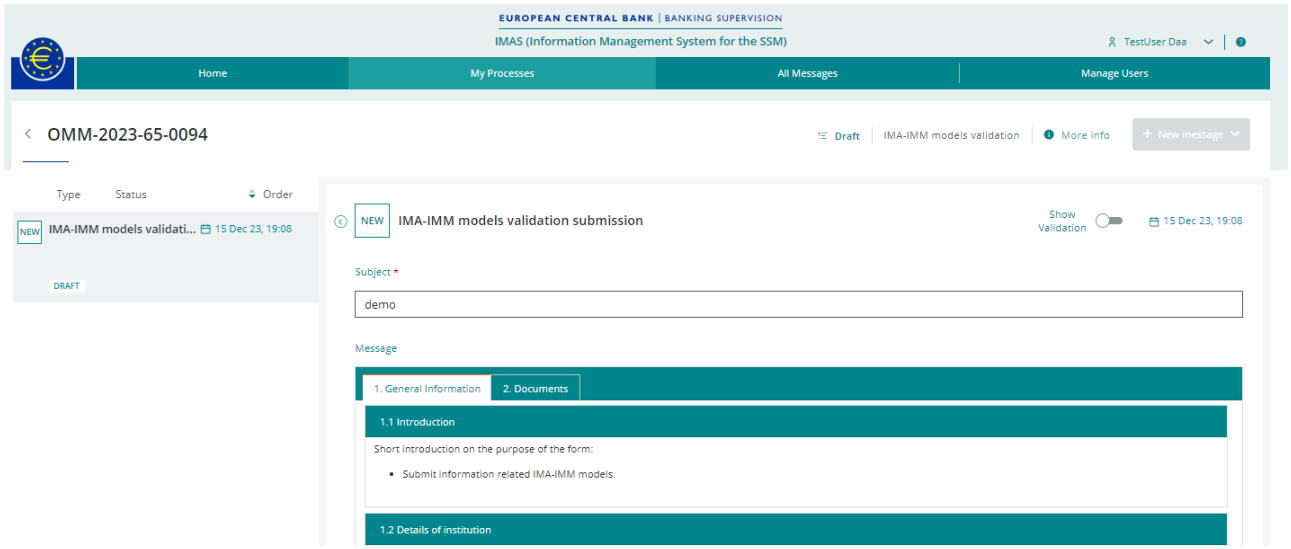
Select the message type “IRB models validation”, “Other Credit Risk models validation” or “IMA-IMM models validation”, according to the task type you selected previously.



Enter a subject for your message, as this will enable you to save a draft and to submit the completed form.

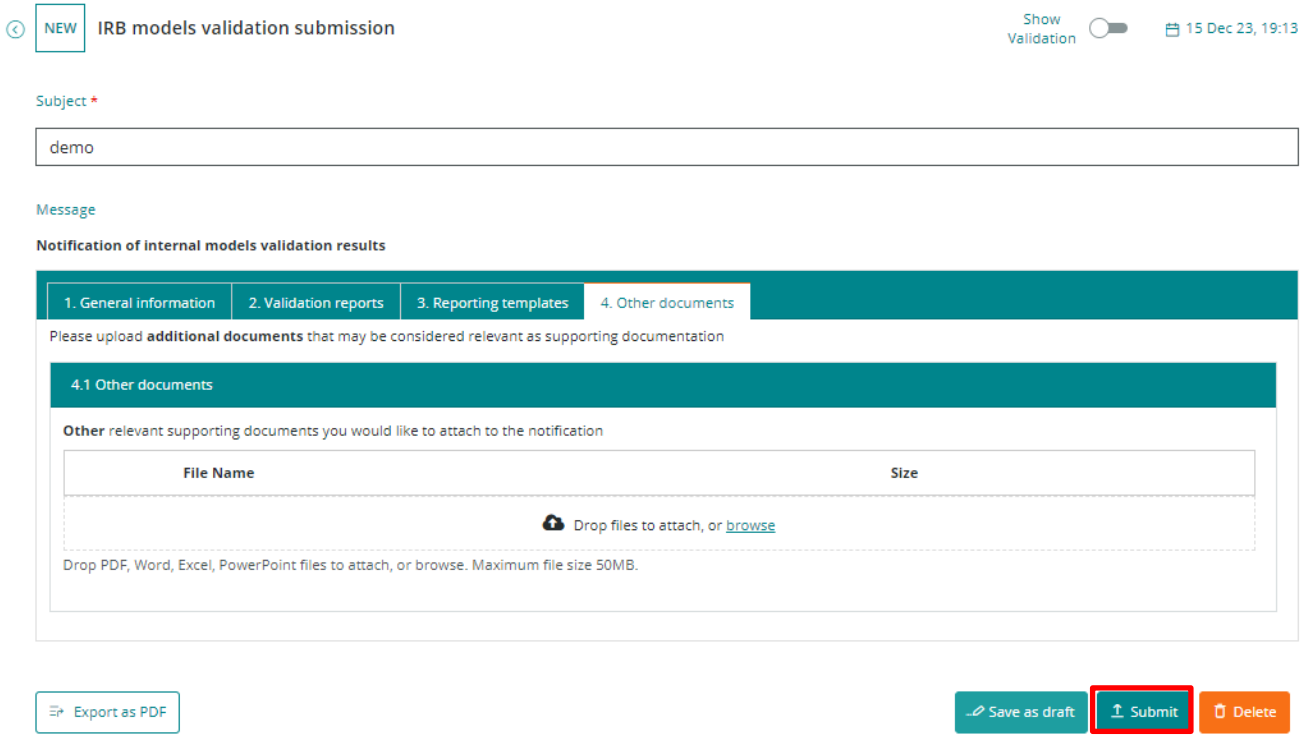




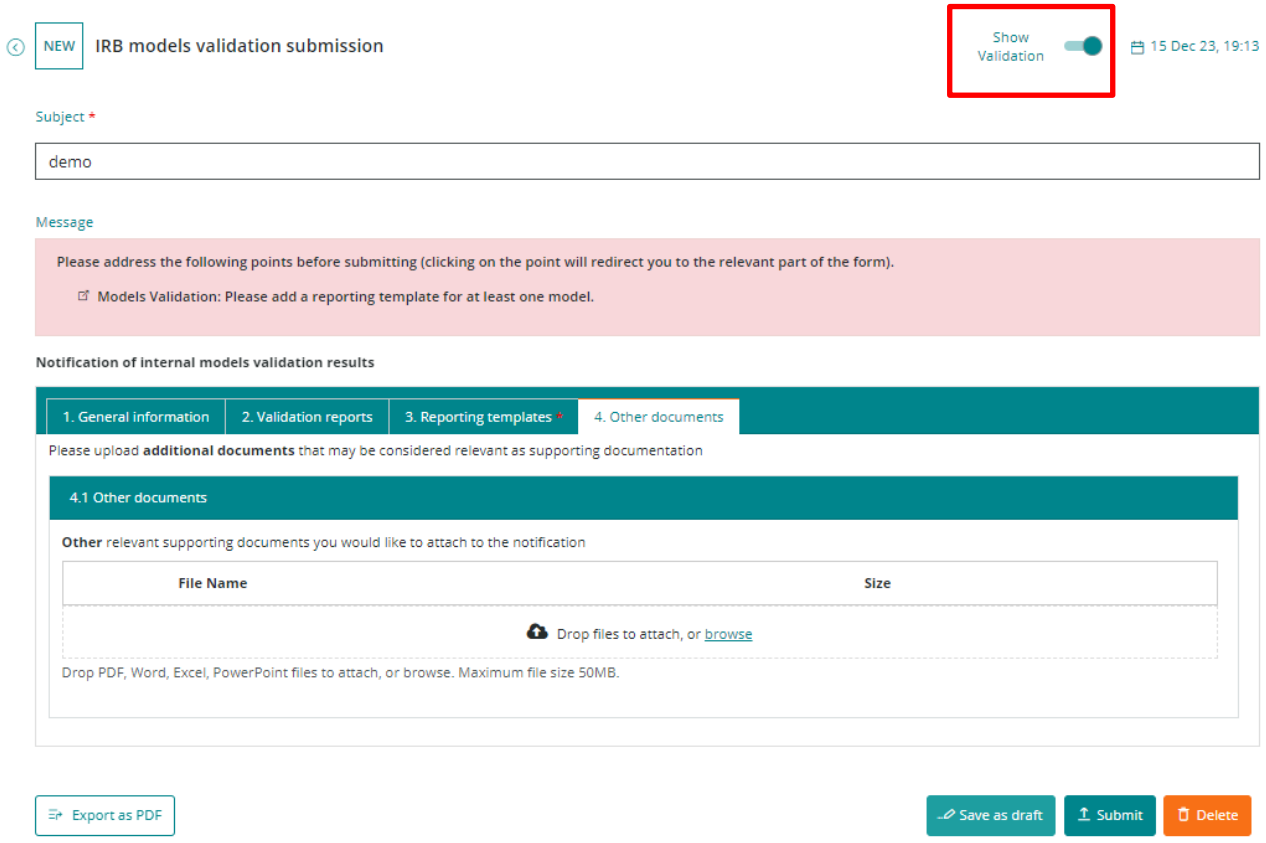

EUROPEAN CENTRAL BANK | BANKING SUPERVISION
IMAS (Information Management System for the SSM)
TestUser Daa
Home
My Processes
All Messages
Manage Users
OMM-2023-65-0094
Draft
IMA-IMM models validation
More info
New message
Type
Status
Order
NEW
IMA-IMM models validati... 15 Dec 23, 19:08
DRAFT
NEW
IMA-IMM models validation submission
Show Validation
15 Dec 23, 19:08
Subject *
demo
Message
1. General Information
2. Documents
1.1 Introduction
Short introduction on the purpose of the form:
Submit information related IMA-IMM models.
1.2 Details of institution

Annex 3: Submitting a notification of internal model validation results

To initiate the submission of an internal model's validation report to your JST, click on the "Submit" button at the bottom of the page (in the screenshot an IRB models' validation submission has been taken as an example).

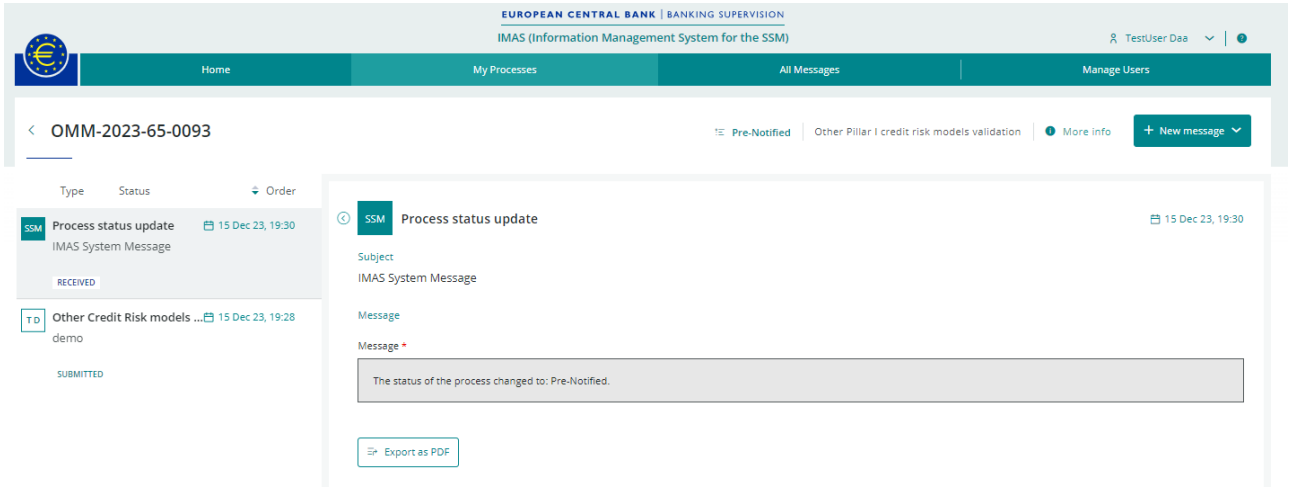


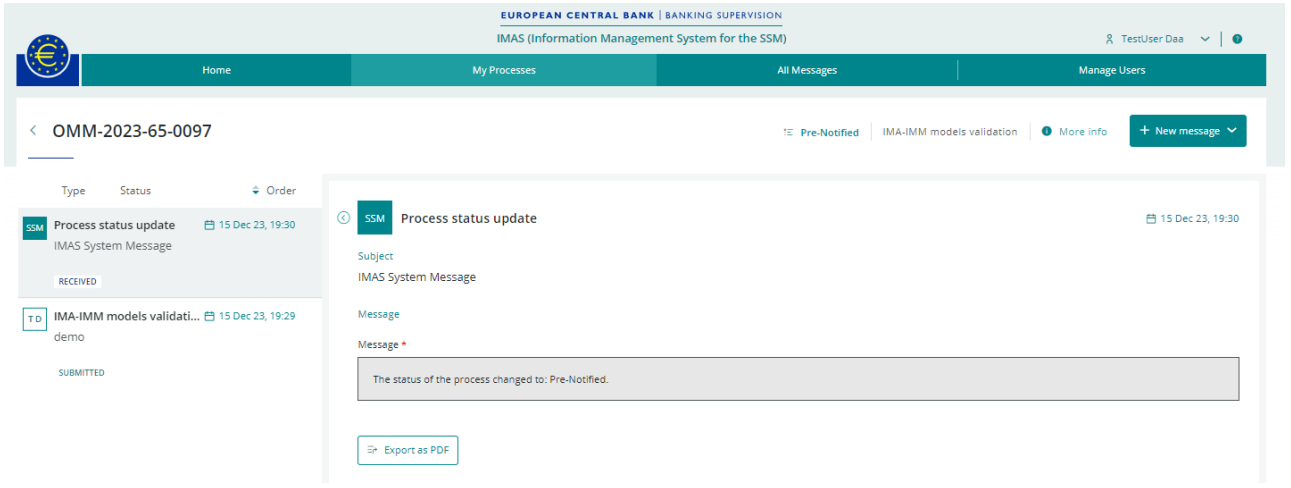
Submission is not possible when the message “Please address the following errors before submitting” is shown. Click on an error to start the process of correcting it. You can toggle the “Show Validation” switch to check for errors before submitting.



Once submitted, the status of the message will be “Pending confirmation”.

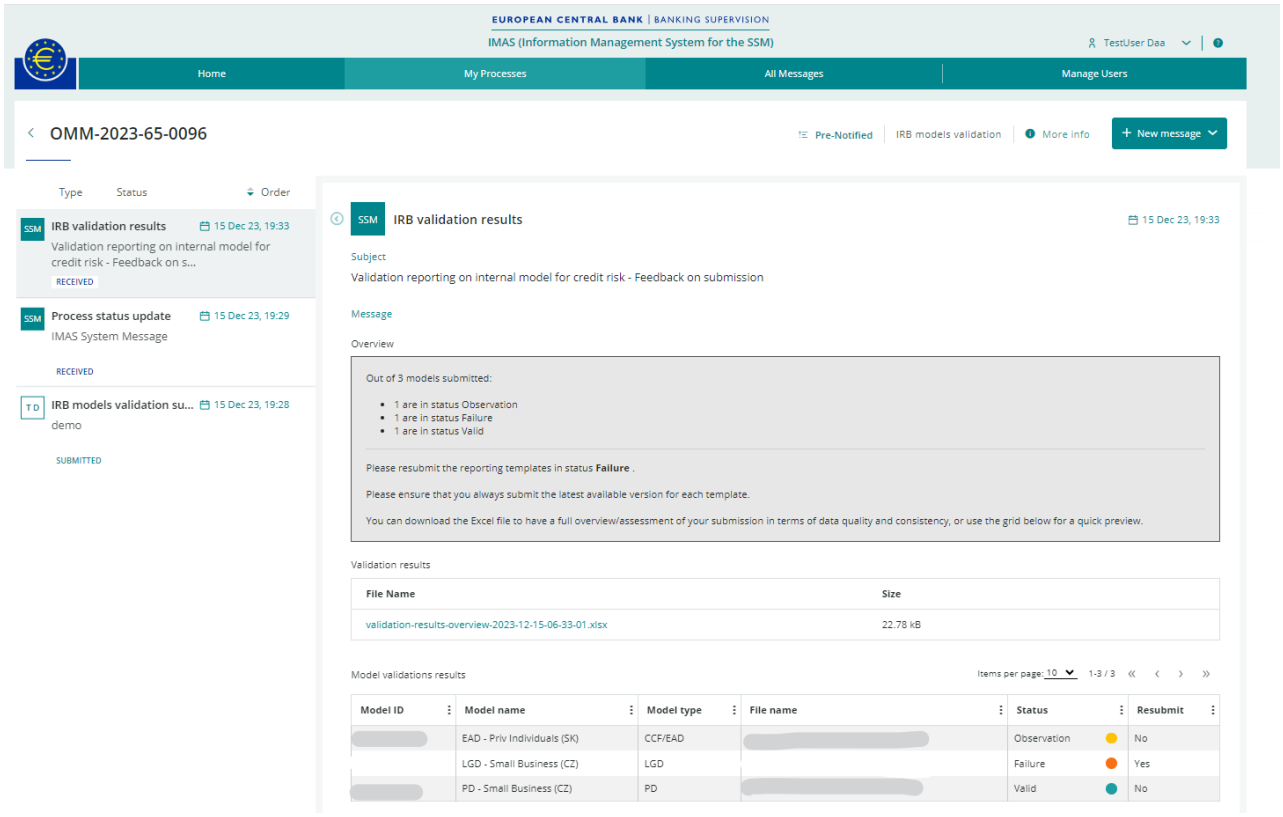
After the initial submission, the process status will change to “Pre-notified” and a “Process status update” message will be sent, confirming that the submission has been received.



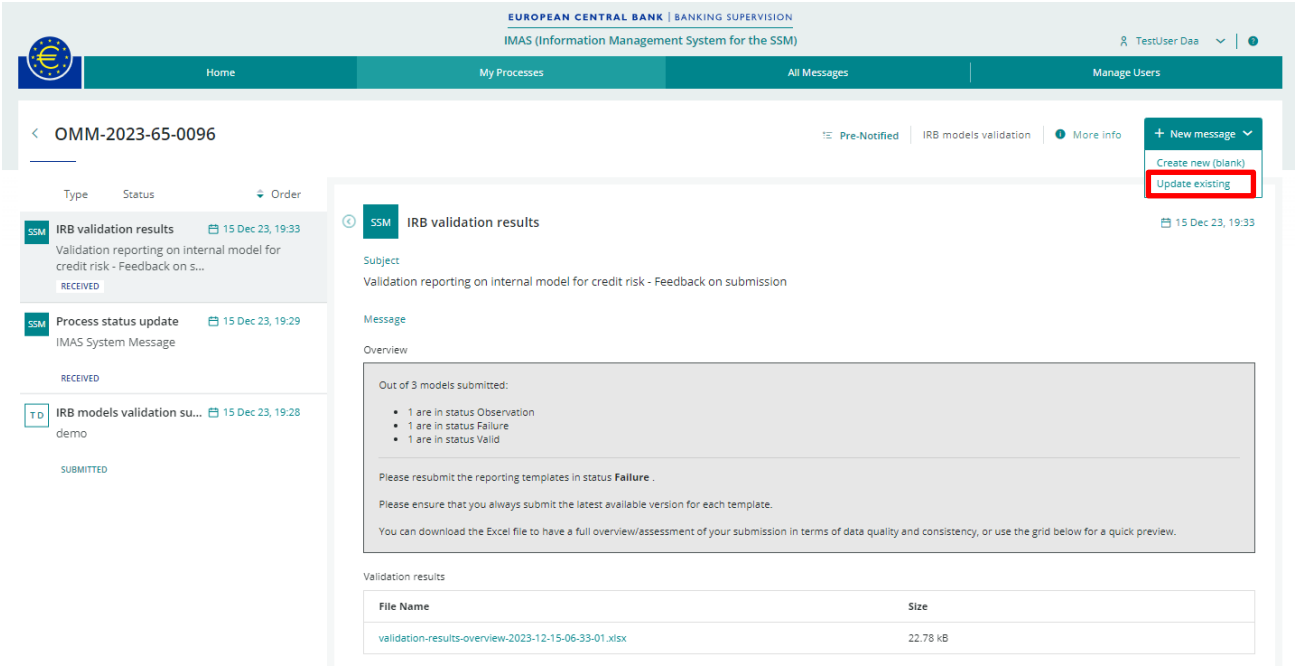


For IRB model validation submissions a second message will also be sent containing IRB validation results, including:

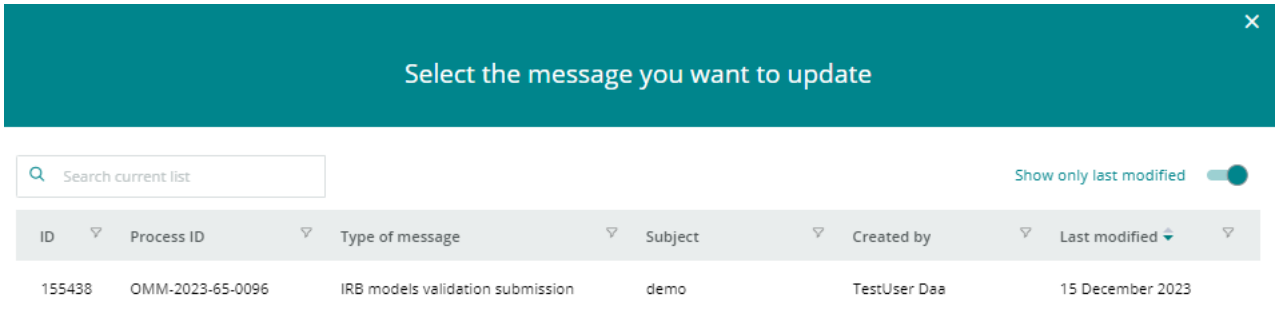
- an overview of the results and the instructions to follow;
- a link to a file containing a summary of validation results;
- a filterable/sortable grid including for each model:
    - the model ID;
    - the model name;
    - the model type;
    - the file name;
    - the validation status (i.e. “Observation”, “Failure” or “Valid”);
    - a flag showing that a template needs to be resubmitted, if this is the case.


EUROPEAN CENTRAL BANK | BANKING SUPERVISION
IMAS (Information Management System for the SSM)
TestUser Daa
Home
My Processes
All Messages
Manage Users
OMM-2023-65-0096
Pre-Notified
IRB models validation
More info
New message
Type
Status
Order
IRB validation results
15 Dec 23, 19:33
Validation reporting on internal model for credit risk - Feedback on s...
RECEIVED
Process status update
15 Dec 23, 19:29
IMAS System Message
RECEIVED
IRB models validation su...
15 Dec 23, 19:28
demo
SUBMITTED
IRB validation results
15 Dec 23, 19:33
Subject
Validation reporting on internal model for credit risk - Feedback on submission
Message
Overview
Out of 3 models submitted:
1 are in status Observation
1 are in status Failure
1 are in status Valid
Please resubmit the reporting templates in status Failure .
Please ensure that you always submit the latest available version for each template.
You can download the Excel file to have a full overview/assessment of your submission in terms of data quality and consistency, or use the grid below for a quick preview.
Validation results
File Name
Size
validation-results-overview-2023-12-15-06-33-01.xlsx
22.78 kB
Model validations results
Items per page: 10
1-3 / 3
Model ID
Model name
Model type
File name
Status
Resubmit
EAD - Priv Individuals (SK)
CCF/EAD
Observation
No
LGD - Small Business (CZ)
LGD
Failure
Yes
PD - Small Business (CZ)
PD
Valid
No

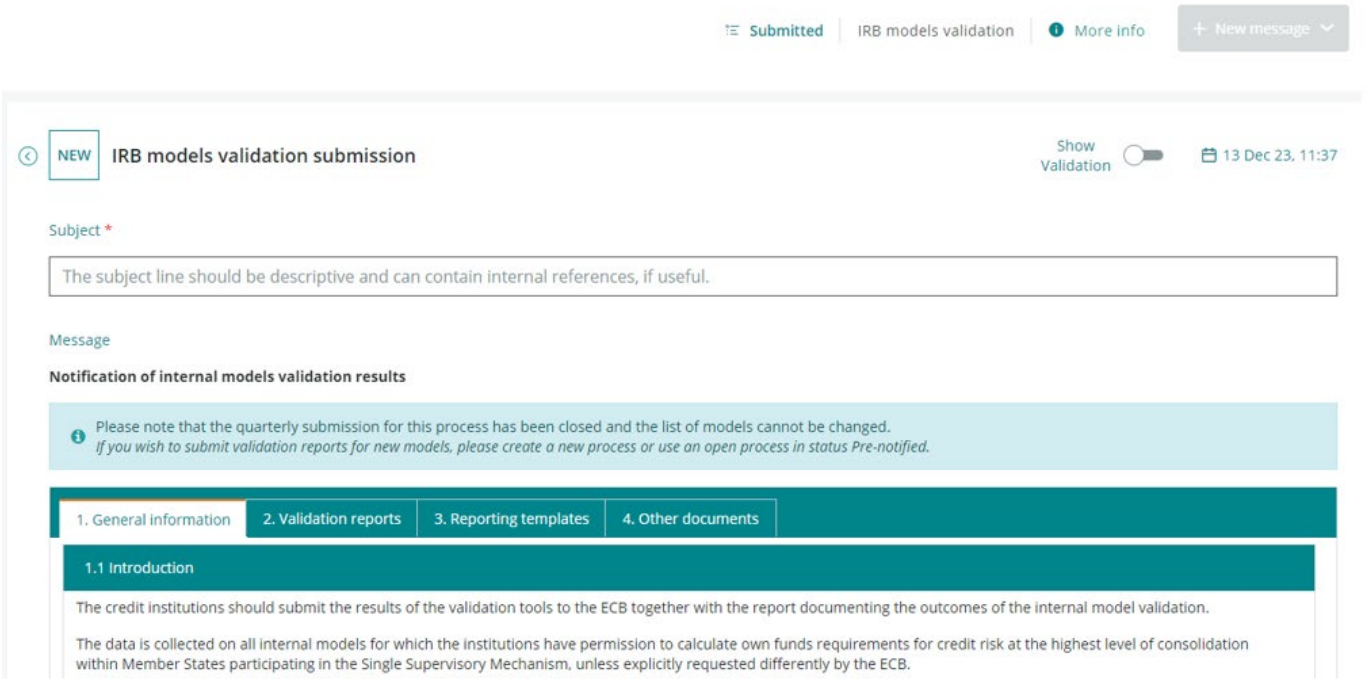
You can amend or supplement the information in a submission by using the “Update existing” option within a process (in the screenshot an IRB model validation submission is taken as an example).



A new submission will be created and sent to the ECB, overwriting the data of the previous submission.



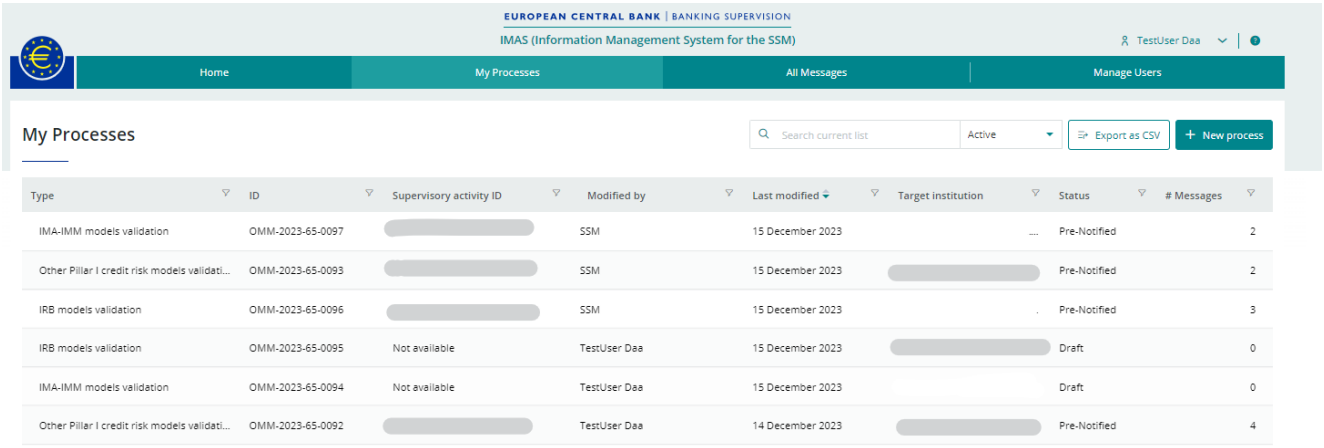
Once the process has reached “Notified” status, the list of models in the submission cannot be altered. An informative message is displayed in the upper part of the notification.


Submitted
IRB models validation
More info
New message
NEW
IRB models validation submission
Show Validation
13 Dec 23, 11:37
Subject *
The subject line should be descriptive and can contain internal references, if useful.
Message
Notification of internal models validation results
Please note that the quarterly submission for this process has been closed and the list of models cannot be changed.
If you wish to submit validation reports for new models, please create a new process or use an open process in status Pre-notified.
1. General information
2. Validation reports
3. Reporting templates
4. Other documents
1.1 Introduction
The credit institutions should submit the results of the validation tools to the ECB together with the report documenting the outcomes of the internal model validation.
The data is collected on all internal models for which the institutions have permission to calculate own funds requirements for credit risk at the highest level of consolidation within Member States participating in the Single Supervisory Mechanism, unless explicitly requested differently by the ECB.

Annex 4: Details of processes and messages in the IMAS Portal

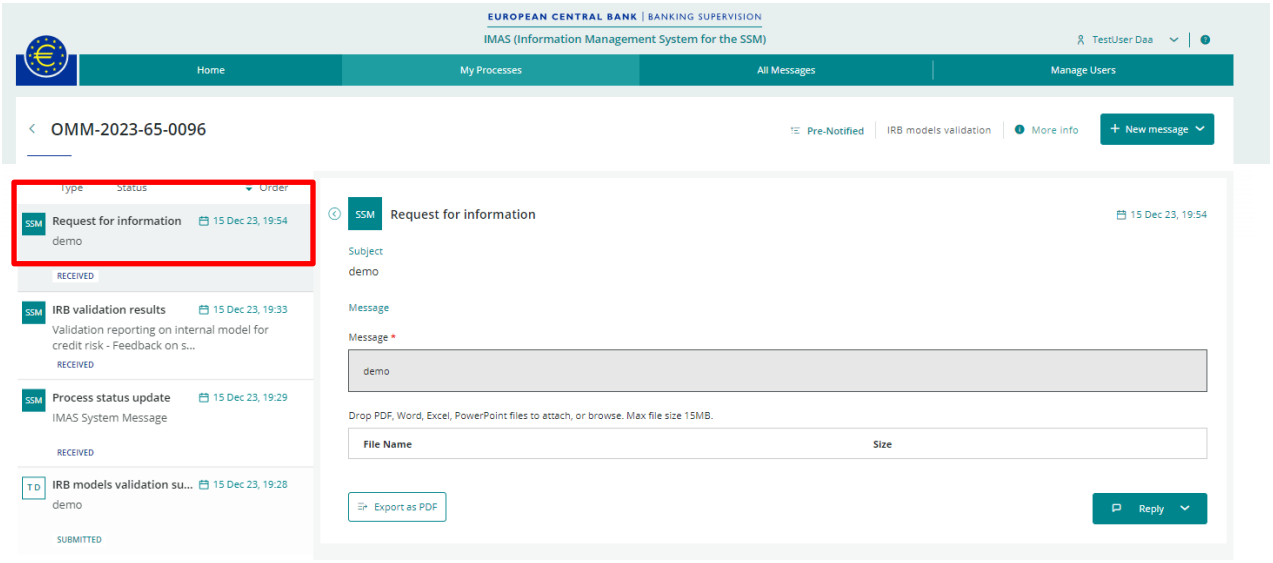
The status of each internal model's validation report submission is listed in the "My Processes" tab, together with the number of messages and the target institution that created the process.

The messages are created either by the IMAS Portal user or automatically, in which case the user is shown as "SSM".

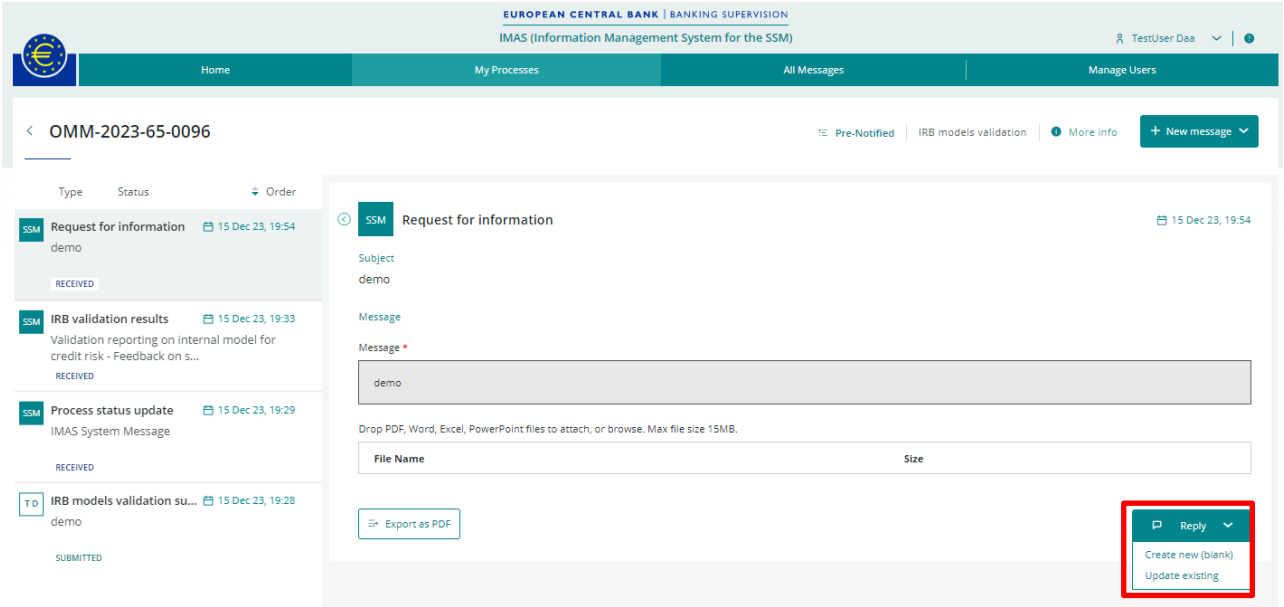


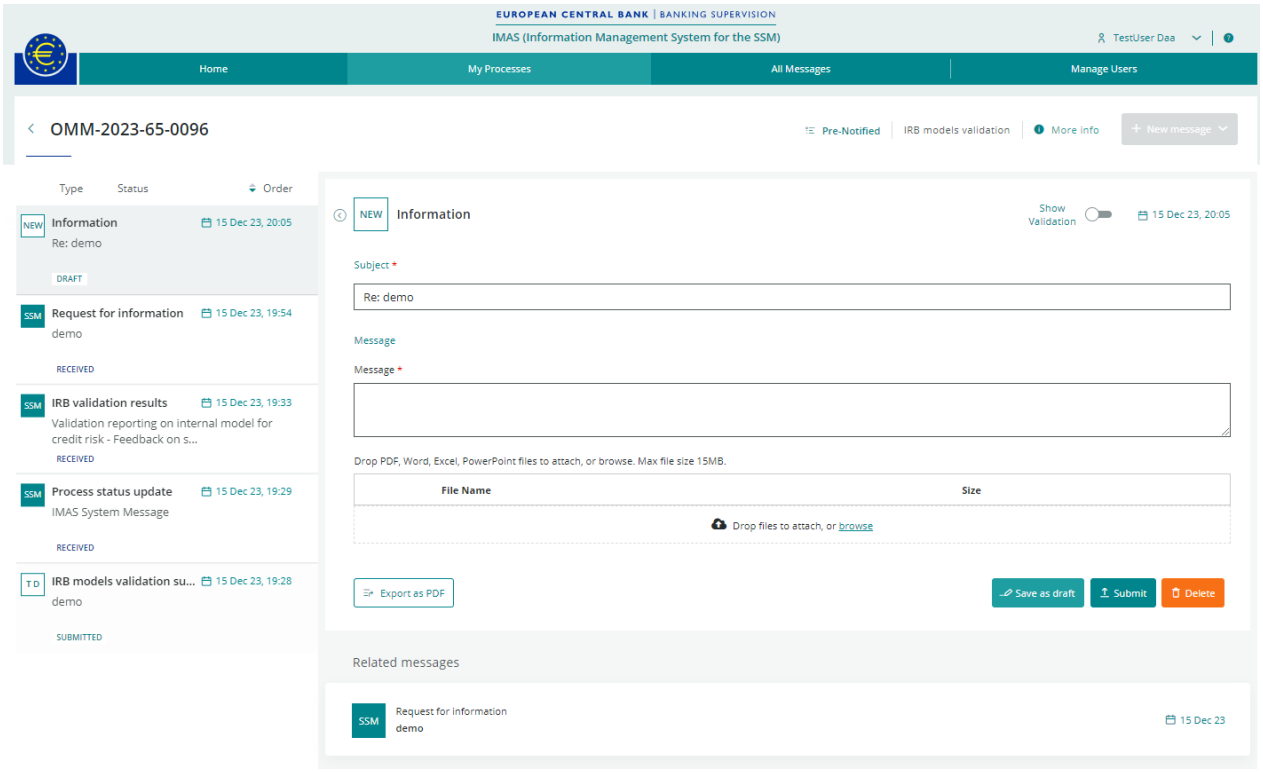
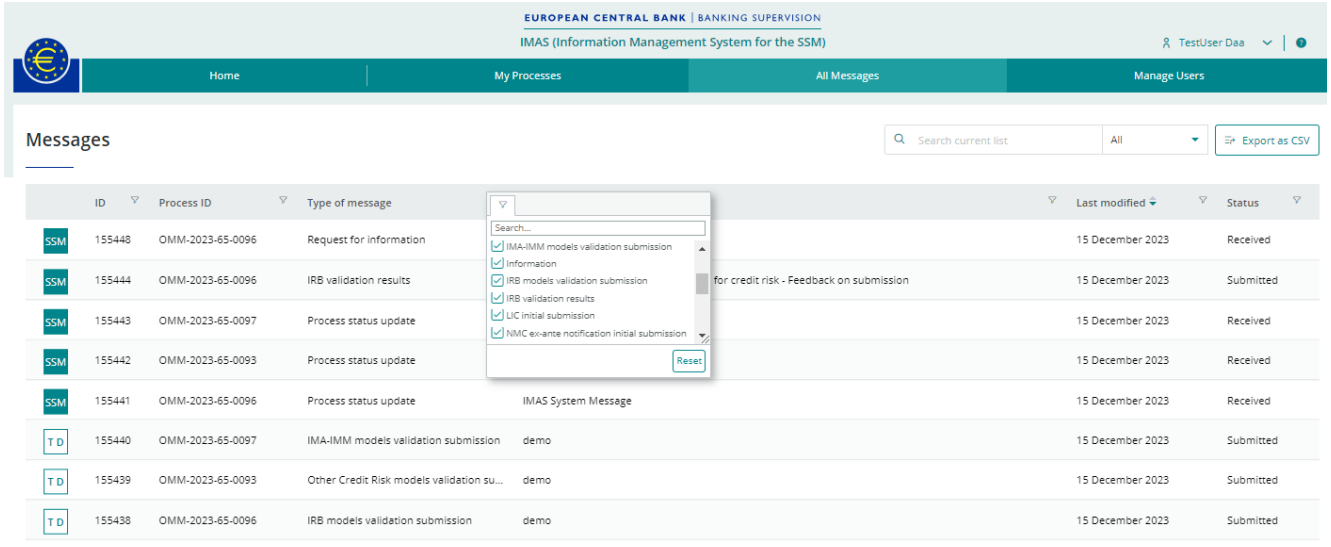
If you click on a process you will see the related messages, as shown in the example below.

You will receive a message if the JST is requesting additional information on internal model validation report submissions, as shown below in “Request for information”.



In reply, you can choose either “Update existing” (i.e. resubmit) or “Create new (blank)” (i.e. send an information message, including the requested information and/or documents).





You can select the type of message you wish to send (e.g. “Information”, “Request for information”, “IRB models validation submission”, “IMA-IMM models validation submission” or “Other Credit Risk models validation submission”) in the “All Messages” tab.